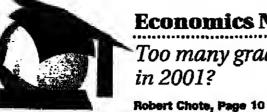


FINANCIAL TIMES

Start the week with...

Y 11 1996

Christopher Parkes Dressing down in America Management, Page 12



MONDAY FEBRUARY 12 1996

Economics Notebook Too many graduates in 2001?

More IRA attacks feared Major to end Sinn Féin contacts unless ceasefire resumes



Samuel Brittan Bundesbank's role in Emu

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Two Algiers car

World Business Newspaper

bombs kill 17 and **Injure at least 90**

Two car bombs ripped through Algiers, killing at least 17 people and wounding 93 in the city that is caught in conflict between security forces and Moslem fundamentalists. The second bomb exploded Algerian newspapers and an earlier explosion shat-tered the town hall in Bab El-Oued, a working class district. Algerian authorities have blamed a series of four bombings in the past week on Moslem militants fighting to topple them. An estimated 50,000 people have been killed since violence broke out in 1992 after the authorities cancelled a general election dominated by the Islamists.

Holbrooke warning to Bosnia factions

US envoy Richard Holbrooke (left) warned Bosnia's factions they had no choice but to implement the Dayton peace accord fully. "We are here to insist op full compliance with Dayton, no exceptions, no changes," Mr Holbrooke said in Sarajevo, Last week the Bosnian Serb

army broke off contacts with Nato after the Bosnian government detained several Bosnian Serbs as suspected war criminals. Four of the detainees were freed on Saturday.

Anti-virus software company sold: The husband and wife who developed the Dr Solomon's Anti-Virus Toolkit software package have sold their company to a management buy-ont for reputedly between £20m and £30m (\$46m). The bny-out places the Solomons among Britain's most successful software entrepreneurs. Page 8; Media Futures, Page 15: European PC sales up 20 per cent, Page 22

Doubts over Caspian oil deal: An accord on transporting the oil that will soon be flowing in huge quantities from the Caspian Sea could be jeop ardised by an apparent hardening of Russia's position over the sea's legal status, according to senior British officials, Page 2

Zhirinovsky begins Russian poll race: "A sea of vodka", three white horses and ringing church bells announced the unofficial beginning of the race for the Russian presidency as Vladimir Zhirinovsky, the flamboyant ultra-nationalist, launched his own campaign with a showy silverwedding celebration. Page 2; Lex, Page 20 Eurotunnel, the Anglo-French company which

operates the Channel tunnel rail link between Britain and France, plans to spend up to £400m (\$616m) over four years improving passenger facili-ties. Page 20; Spanish link proposed, Page 14

Lisbon spells out privatisation plans:

raise more than Es380bn (\$2.4bn) this year. Page 2

Cable TV seeks Dutch soccer coverage:

to broadcast Dutch football matches. This would

De Beers cartel's diamond trade queried:

The international diamond cartel organised by De

Beers of South Africa has a far smaller share of

global trade in rough or uncut diamonds than it

claims, according to an independent analysis of the

effectively shut out public television from the coun-

with telecoms deal, Page 2

try's most popular sport. Page 2

market. Page 21

UK set to press ahead with Ulster poll plans

By Robert Peston, John Kampfer and Jimmy Burns in Peace Crisis Pages 6-7 London and John Murray Brown in Dublin Adams' credibility shattered

The UK is expected to press on No 10 says talks can continue with its controversial plans to Ring of steel closes on City hold elections in Northern Ireland, in spite of stiff opposi-US effort to restore ceasefire tion from Dublin, as the British and Irish governments made des-Tourists shrug off fear perate attempts to salvage the peace process following Friday's

IRA bombing in east London. Two people died and more than 100 were injured in the explosion, which damaged buildings in the city's Docklands area. Amid concern from the secu-

rity services that there may be further IRA attacks, there were also warnings last night from officials and senior Tories of an escalation of terrorist violence and possible loyalist retaliations, which could extend to the streets of Dublin for the first time. Following a meeting last night

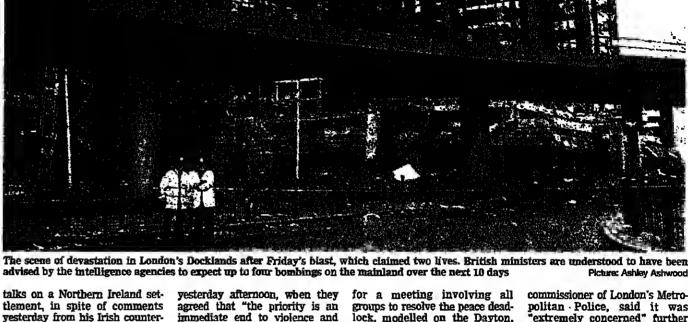
Time to take stock Page 19 Editorial Comment Page 19 with senior British ministers, Mr John Major, the UK prime minister, will today tell the House of Commons that ministerial conpart, Mr John Bruton, that such tact with Sinn Fein will cease a move "immediately after the unless the IRA renews its ceaseresumption of violence would fire. A similar ban on talks with Sinn Féin, the IRA's political wing, is being adopted by Dublin. pour petrol on the flames". A colleague of Mr Major said it

would be "naive" to expect the Mr Major will also reiterate British government to soften its that an elective process remains stand on elections. his preferred route to all-party Mr Bruton and Mr Major talked

immediate end to violence and restoration of the ceasefire", a Downing Street official said. They will meet later this month. Mr Bruton yesterday criticised Mr Major for presenting the IRA with only two options over the past fortnight: to hand over weapons or agree to elections.

lock, modelled on the Dayton. Ohio conference which brokered an end to the Bosnia conflict. In the wake of the South Quay bombing, British ministers are understood to have been advised by intelligence agencies to expect up to four bombings on the mainland in the next 10 days. "The

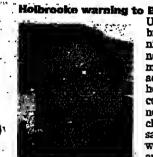
Mr Bruton said he would press Mr David Veness, assistant



politan Police, said it was "extremely concerned" further attacks could occur "any time, anywhere" on the mainland. Loyalist politicians have been urging their supporters to remain calm, but Mr Billy Hutchinson, of the Progressive Unionists, a fringe loyalist party with links to

Continued on Page 20





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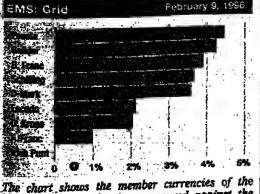
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Banks to be picked for Polish sell-off: Which will manage the international public offering of state copper producer Polska Miedz, expected to value the company at about \$2bn. Page 21

New impetus to search for allens: The recent discovery of three planets orbiting distant stars has given new impetus to the scientific search for extra terrestrial intelligence. Page 3

Europein Monotary System: The Spanish pessia his week took advantage of a lull in the debits over a single European currency to climb four places to the top of the EMS grid. The order of Chreacies was otherwise unchanged, with the Wead between strongest and weakest widening Signify. France's central bank trimmed the intervention rate to 3.90 per cent. Currencies, Page 29



schange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

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over island Italian phone truce on verge of collapse: A fragile truce between Italy's two cellular phone companies is likely to fall apart today over a key "element of the accord regulating the country's digi-By William Dawkins in Tokyo tal network. Page 2; Bundestag dials up trouble

and John Burton in Seoul A group of senior MPs from Japan's ruling coalition yester-

Portugal's Socialist government is to undertake an extensive privatisation programme that aims to day cancelled a scheduled visit to South Korea because of a bitter diplomatic dispute over the ownership of a small island in The Royal Dutch Football Association has unveiled the Sea of Japan. plans to set up a separate television sports channel

The delegation pulled out after Sonth Korean president Kim Young-sam refused a planned meeting with them set for today, and issued an unusually harsh statement denouncing a formal protest by Tokyo over the Korean construction of a landing jetty on the island known as Tok-do in Korean and Takeshima in Japanese.

from human cells' "Once again, Japan has stirred the anger of the entire Korean people by making a preposterous claim" to the island, said the president's statement. "We, the By Clive Cookson in Baltimore Korean people, will firmly reject the claim and resolutely deal with any problems arising from Doctors will soon be able to replace almost any part of the body with implants engineered

The dispute brings the often from living cells and synthetic prickly relations between Japan and Korea to another low. It is materials, the American Association for the Advancement of Scithe latest in a recent series of ence was told yesterday. Researchers from universities and biotechnology companies island disputes in the area and comes when nationalistic feeling in Japan and South Korea is said clinical trials or animal tests were already under way with rising. replacement skin, bones and car-

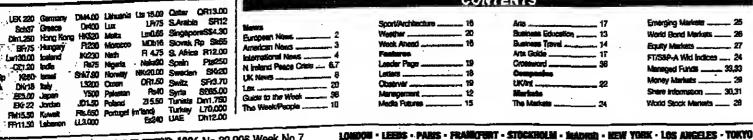
Japan claims the disputed island under an agreement with Seoul in 1905, when it began to assert colonial rule over the Korean peninsula. Secul regards the sor Robert Langer of the Massa-chusetts Institute of Technology agreement as invalid by claiming it was signed under duress.

South Korea, which formally claimed sovereignty over the island in 1952, has for the last 40 years stationed a police garrison on the ontcropping of rocks, otherwise inhabited only by a middle-aged fishing

couple. The issue, a long-standing hritant, has come to a head with Seoul's alarm at Japanese preparations to declare a 200-mile exclusive economic zone around its territory, including the

> Continued on Page 20 Battle lines drawn, Page 4 | ger, is to make a scaffold for the

> > CONTENTS



CTHE FINANCIAL TIMES LIMITED 1996 No 32,906 Week No 7

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trade pacts, in a move likely to provoke an angry response from trading partners in developing countries

The Commission will call on the European Union to take a "progressive stance" on the issue of social standards by asking for a working party to be set np under the World Trade Organisation to look into the question.

Last week Asian officials warned that inclusion of such issues as human rights and

tilage for joints, and with key

parts of the heart, kidneys, pan-

Looking further ahead, Profes-

raised the prospect - in 20 or 30

years' time - of an "artificial

womb" which would sustain pre-

mature babies for several weeks

until they were ready to face the

The brain is the only organ

whose replacement will remain

off limits for the foreseeable

future. But scientists expect soon

to learn how to grow individual

human nerve and brain cells, and

microelectronic devices will also

substitute for some nerve tissues.

neering, according to Prof Lan-

The basis of much tissue engi-

world.

creas and other vital organs.

New body parts

'will be grown

heads of state in Bangkok next month. 'The Commission's call comes in a strategy paper on trade pol-

icy drawn up by five commission-ers including Sir Leon Brittan, the EU's chief trade negotiator. The paper is designed to prompt debate on what the EU will table at the WTO ministerial meeting in Singapore in September.

EU officials said there was resistance from Sir Leon to committing the EU to a tough stance on social standards.

new organ out of a special biode-gradable plastic. This is then seeded with living cells, which

pervade and eventually replace

Tissue engineering is furthest

advanced with skin. Dr Gail

Naughton, research director of

Advanced Tissue Sciences, told

the association, meeting in Balti-

more, that her California-based

company would seek product

licences from the Food and Drug

Administration this year for

sheets of living skin. They are

used to treat severe burns,

Advanced Tissue Sciences

obtains its skin cells from the

foreskins of circumcised babies.

'One foreskin will provide

enough cells to give 250,000 sq ft

- six football pitches - of new

The company is working on

several other tissue engineering projects, including a 50:50 joint

venture with Smith & Nephew.

the UK medical devices company,

to develop living cartilage for

orthopaedic applications, such as

replacing damaged knees. Dr Robert Lanza, research

director of another biotechnology

company, Massachusetts-based

Continued on Page 20

. 26

skin," Dr Naughton said.

wounds and deep skin ulcers.

the plastic structure.

trade policy. However more recently he has accepted that the issue needs to be debated, if only to pacify those advocating action. The paper says that "some practices, such as preventing freedom of association and using forced labour, cannot be justified in terms of the level of economic development", adding that certain "basic social laws banning forced labour and child labour or guaranteeing the freedoms of

nised within the International labour standards should be included in the debate on world Labour Organisation". The paper argues that "it is only natural that such basic

The document says the view

that some practices were unac-

ceptable was gaining ground in international forums. The fact

advantage in labour costs. The document also points out thet it social aspects should be consid-ered in evaluating relations with is "better to discuss these matters in a multilateral forum" non-Community countries or The British government has defining policies with a strong opposed linking social standards social component", and that it is legitimate to discuss social matters in the multilateral context".

to trade policy and is expected to resist the Commission's drive to take a tougher stand. However, other countries, particularly France, have campaigned for minimum social standards in international trade agreements.

question of depriving developing

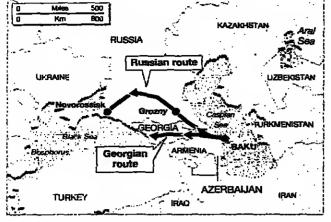
countries of their comparative

Lloyd's of London Press Total funding raised £84.3m 🕤 Managed and arranged by 3i plc and the Corporate Finance practice of Coopers & Lybrand 0 WE WANT YOU TO SUCCEED It Group pie and It pie are regulated in the conduct of investment incidence by \$20

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NEWS: EUROPE

Doubts arise over Caspian oil deal



By Bruce Clark, Diplomatic Correspondent

An accord on transporting the oil that will soon be flowing in huge quantities from the Caspian Sea could be jeopardised hy an apparent hardening of Russia's position over the sea's legal status, sccording to senior British officials The issue interests Britain hecause an agreement over pipeline routes is crucial for the fulfilment of an \$8hn (£5.1bn) contract to extract oil

off the coast of Azerbaijan. signed in 1994 by a consortium led by BP. Officials said Russla, after

compromising on the issue last autumn, had recently shown Chechnya to the Russian port of Novorossiysk, and one signs of reverting to its previthrough Georgia. By acceding to that deal, Russia seemed to be stepping back from its insistence that ous tough stance on the Cas pian. This held that any drilling should be subject to approval from all states borderno drilling could proceed until ing the sea. tha status of the sea, and its sources, was agreed by all

This position, which has also states in the region. But Moscow's latest signals, conveyed in high-level contacts with London, have suggested won support from Iran, would imply a refusal to recognise the 1994 contract with the government of Azerbaijan.

that it is edging back to its earlier stance. We hope Rus-sia does not go back to that line because it could damage Under a compromise struck four months ago between the rival proposals of Russia and Turkey, it was announced thet the initial Caspian ontput its own interests by doing so, would be split between two said one senior UK official. plpelines - one going through He said western companies.

faced with Russian obstruc-tion, could be forced to rely entirely on the Georgian line. although the projected cost of completing this was five times larger, at \$250m, than that of repairing the Russian one. The British concerns have

surfaced against a background of delicate exchanges between London and Moscow about s two cellular phone companies is likely to fall apart today possible meeting between Mr Malcohn Rifkind, the UK for-

elgn secretary, and his new Russian counterpart, Mr Yevgeny Primakov. A successful meeting would help to mend fances after the lukewarm reception Mr Rifkind received in Moscow last September.

Vodka, white horses and church bells launch nationalist's campaign for presidency

Cable TV seeks to net Dutch soccer coverage

By Ronald van de Krol in Amsterdam

The Royal Dutch Football Association (KNVB) unveiled plans at the weekend to set np a separate television sports channel to broadcast Dutch football matches. This would effectively shnt out public television from the country's most popular sport.

The naw cahle channel would be run with the assistance of Philips, the Dutch electronics group which has extensive cable TV interests, ING Bank and Endemol, a hig Dutch television producer.

The three private sector companies would each hold a stake of 21 per cent in the new sports channel, which has not yet been given a name. The KNVB itself will take a 10 per cent stake.

The proposed move, which bas already encountered political opposition, comes at a time of debate in other European countries about the extent to which commercial television should be allowed to dominate sports broadcasting.

Dutch politicians immediately questioned the fairness of taking football hroadcasts ont of the public domain, and some threatened to re-examine snbsidies made available to the KNVB.

Others called for the KNVB to pay market rates for police surveillance at matches if the football association entered Zhirinovsky begins **Russian poll race**

By Chrystia Freeland In Moscow

"A sea of vodka", three white horses and ringing church bells yesterday announced the unofficial beginning of the race for the Russian presidency as Mr Vladimir Zhirinovsky, the flamboyant ultra-nationalist, launched his own campaign with a showy silver-wedding celebration.

With the populist flair which has become his political trademark, Mr Zhirinovsky kicked off his campsign with an Orthodox blessing of his 25 years of marriage, attended by the faithful of his Liberal Democratic party and Mr Jean-Marie Le Pen, leader of the

France's National Front. The "sea of vodks" and shower of coins and baubles which Mr Zhirinovsky's aides distributed among several hundred bystanders seemed to guarantee the maverick politician a renewed burst of public attention. But Mr Zhirin-ovsky's eye-catching antics are likely to be upstaged later this week, when the two heavyweight contenders for the presidency - President Boris Yeltsin and Mr Gennady Zyuganov, the Communist leader - are expected to announce their

candidacies Although Mr Yeltsin has not yet said whether he will stand in the June presidential elections, he and his entourage have dropped broad hints that he plans to launch a hid for re-election this Thursday, But Mr Yeltsin's hope of ralwhen he visits his home town of Ekaterinburg, in Russia's industrial heartland. In a carefully orcbestrated display of the "will of the people" reminiscent of the Soviet Many of Russia's most promi-

By Peter Wise in Lisbon

government is to undertake an

extensive privatisation pro-

more than Es380bn (£1.6bn)

tugal Telecom, Electricidade de

invest in the planned privatisa-

tion of 22 companies over two

The centre-left Socialists'

Portugal's

vears.

Primakov reassures Christopher over supply of reactors to Iran

Mr Warren Christopher, US secretary of state, has expressed his "very strong concern" to Mr Yevgeny Primakov, Russia's foreign minister, over Moscow's supplying nuclear technology to Iran, AFP reports from Helsinki. Russia has agreed to sell two nuclear reactors, which the US fears could help Iran to develop nuclear weapons

During three hours of talks on Saturday in the Finnish capital, I ontlined my very strong concern over Russis tightening relations with Iran," Mr Christopher said. However, he added that he had received assurances that Russia was "also concerned about Iran developing weapons of mass destruction" and "does

not want to enhance Iran's (nuclear) capacity". Mr Primakov said that he bad reiterated Russia's opposition to tbe proposed expansion of Nato, and believed that "we must find the right solution for both sides [Russia and the US] and the central and eastern European countries"

Both described their talks as "good and productive". Mr Christopher said "areas of co-operation far outweigh those thst we disagree on" and that he found "the Russian minister's comments reassuring". Mr Primakov declared himself willing to find solutions "without going into confrontation, as this would be extremely dangerous",

era, the ground for Mr Yeltnent liberal politicians feel sin's formal announcement has that, by pursuing a bloody war been prepared by a series of in Chechnya and making populist high-spending promises, Mr Yeltsin has betrayed the public appeals for him to stand from groups ranging from the metalworkers' union to Ruscause of democracy and marsia's powerful oil barons. ket reforms. This disenchantment threat-

Another sign of intense backroom preparations for Mr Yelt-sin's re-election bid came last ens to split the liberal vote, weakening Mr Yeltsin in week when Mr Victor Chernofavour of Mr Grigory Yavlin-sky, a leading reformats politi-cian and declared candidate, or myrdin, the prima minister and potentially one of Mr Yelt-sin's strongest rivals, diseven Mr Boris Nemtsov, the missed speculation that he popular governor of Nizhny Novgorod, who is being pubwould be a candidate and pledged his fealty to Mr Yeltlicly pressed to stand in the ele



A crown is raised over Vladimir Zhirinovsky's head during his marriage confirmation ceremony yesterday

munist congress on Thursday. Most leftwing splinter groups have already thrown their sup-port behind him, and he has also been hacked by a few

nationalist parties. As the front runner in most opinion pulls and the represent tative of Russia's largest and duced by Mr Yeltsin with the best organised political party; parliamentary or "Soviet" sys-Mr Zyuganov is Mr Yeltsin's tem, which offered a pretence strongest challenger for the of democracy in the USSR, presidency. But Communist could have an even greater

heated that the two operators do not even agree on the date that the so-called "roaming" accord was meant to be triggered. TIM said it should have come into effect today while Omnitel believes it should start tomorrow. Omnitel said at the weekend: "If TIM does not provide 'roaming' we shall do everything we can to protect our rights and those of our clients." Mr Francesco Caio, the company's managing director, will announce in Milan today a new

initiative.

Italian phone truce on verge of collapse

By John Simkins in Milan

over a key elemant of the

second GSM licence m compe-

vice in December, that this has been achieved and says It

awaits confirmation by the

telecommunications ministry. The dispute has become so

about 70,000 subscribers, com-pared with the 4m mobile phone owners using TIM's A fragile truce between Italy's analogue and digital services, said that the ministry accepted it had reached 40 per cent pen-etration and had sent TIM sevaccord regulating the country's eral letters of confirmation.

GSM digital network. Under rules set by the Italian government, Omnitel Pronto TIM said that the letters did not furnish the official proof required and that it had again pressed the ministry to clear up the matter. It doubts Italia, which was awarded the tition with the state-sector group Telecom Italia Mobile whether Omnitel could achieve 40 per cent penetration with the 550 radio stations it has set (TIM), was to be allowed use of TIM's network for a two-year up so far, TIM, which launched period once its own network its GSM service last April, has had penetrated 40 per cent of Italian territory. TIM disputes 1,800 stations. the claim by Omnitel, which launched its commercial ser-

The row may have repercussions on an agreement in prin-ciple hetween Mr Agostino Gambino, the telecommunications minister, and the European Commission on a compensation package for Omnitel This accord, on the basis of "roaming" and reduced fees to be paid by Omnitel for connection to state-controlled telephone lines, followed the Commission's decision last year to initiate legal proceedings against Italy for discriminating against Omnitel. TIM had not been asked to pay the same L750bn (£312m) fee that Omnitel paid to win the licence.

The accord has not yet been implemented because it was linked to Italy initiating legislation on the EU directive liberalising personal and mobile tariff structure for subscribers. telecommunications. With a and TIM is expected to follow new government still to be suit with its own promotional formed this has not yet been done.

Omnitel, which has recruited

Bundestag dials up trouble with telecoms deal

year. Other leading German By Michael Lindemann in Bonn they did not come up with the

public referendum," Mr Gen-nady Selezniev, the Commu-A decision to award part of the German Bundestag's telecom-munications business to a US nist speaker of the parliament, In the long run, the Commu-nist party's aim of replacing the strong presidency introcompany rather than Deutsche Telekom has unleashed a wave of protests.

fic - which is expected to sava

about DM500,000 (£220,000)

annually - was described by

the Südkurier, a regional paper

earning any money at all on the deal it would be worth it in terms of the free publicity,' Allowing WorldCom, a US said a senior executive at Mantelecoms operator, to manage nesmann, which operates Gerall the lower house of parliamany's biggest private mobile phone network. ment's domestic telephone traf-

Deutsche Telekom meana while insists that it has lost

mittee which regulates the

telecoms market - made up

partly of Bundestag members -

recently refused to allow the

company to introduce dis-

counts of 40 per cent for corpo-

rate clients until something

the contract because the com-

ompanies are wondering wby

"Even if WorldCom are not

commercial broadcasting. Government officials have requested an urgent meeting today with the KNVB.

News of the proposed channel also met with anger from the country's public broadcaster, NOS, which is the Dutch equivalent of the British Broadcasting Corporation.

The NOS, together with two commercial television companies, had bid F1 900m (£360m) for the rights to broadcast league football matches over the next seven years.

However, the proposed channel has outbid them with an gramme that aims to raise offer of Fl 1.04hn over. the same period. At the same time, this year. Disposals in 1996 are Dutch cable companies would to include global offers of Porbe charged Fi 2 a month per subscriber to transmit tha Portugal, the national power sport channel's programmes. company, and Cimpor, a cement producer. Employees. This fee would prohably be passed on to consumers, whose small savers and Portuguese current cable television abroad are to he encouraged by charges come to around FI 15 discounts and tax incentives to per month.

Most Dntch households receive all their television via cable and typically pay for a basic service as part of their electricity bill.

However, some 10 per cent of honseholds in outlying areas rely on television aerials for reception and they would be cut off from watching football matches if the proposals went ahead.

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SWEDEN SWEDEN Responsible Publisher: Hugh Carnegy 468 018 0088. Printer: AS Ryallstudangen Expresser, PO Sox 6007. S-550 06. Jönköping O The Financial Times Limited 1996. Editor: Richard Lambert, do The Financial Times Limited, Number One Southwark Bridge, London SE(9HL

March 3. In his home region the Socialist party has become hopelessly divided, and the

lying the support of all of Russia's anti-Communist forces, as he did at the peak of his popularity in 1991, remains elusive.

crat government, which lost

last October's general election.

companies nationalised after a

left-wing revolution in 1975

have raised more than

Es1,300bn over the past seven

years. This made Portugal the

world's third largest privatis-ing country after Britain and

New Zealand, according to the

Organisstion for Economic

Co-operation and Development.

gramme centres on industry

and services, including steel.

shiphuilding, oil, chemicals,

The new government's pro-

Focused on banks, sales of.

Socialist than that of the Social Demo-

By contrast, Mr Zyuganov, leader of the Communist Party of the Russian Federation, is expected to earn the official endorsement of most of Russia's leftwing parties at a Com-

Lisbon spells out privatisation plans

management and motorway

Mr Antonio Guterres, prime

minister, told parliament that

privatisation would promote

greater social justice, equality

of opportunity and economic

State companies in Portugal,

often holding monopolies, have held back the development of

competition and through their

losses have often been a drain

Privatisations are expected

to begin with an international

offer of up to 24 per cent of Portugal Telecom. The sale of

on public resources.

integration

construction and operation.

officials say their longer-term impact on Russia's political goal is to abolish the presi- future than the presidential dency altogether. "We will revoke the post of the president by overturning the current constitution and

later sell a further stake to a

EDP= the holding company for

Portugal's power generation ... and distribution utilities, is to

be privatised in another global

offer towards the end of 1996.

Further holdings will be

offered but the state will retain

The state's 80.5 per cent

stake in Banco Fomento e

Exterior, Portugal's fifth larg-

est financial group, is also to

be privatised this year. How-

ever, the government has not

decided whether to accept a Es29.9bn loss in 1994.

management control.

More than 20 per cent of

global strategic partner.

race which is likely to be the focus of domestic and international attention for the next

Es15bn in 1995, down from a

adopting a new one through a

said last week.

four months.

in southern Germany, as "extremely unlair". The German Post Association, a group representing the civil servants who make up half of the workforce at Deutsche Telekom, the state-owned operator, said the decision showed a "first-class lack of instinct" and would cost thousands of jobs.

plan is more ambitious in both mining, gas. paper pulp and 27 per cent last June raised ... Es132bn offer from Banco Por-scope and forecast revenue tobacco, as well as airport Es1425n. The government will tugus de Investimento. Whether it is cars, trains or The government has meantelevisions, Germans like to while appointed Mr Manuel buy goods they have made Ferreira Lima, a former transthemselves and are still suspiport minister, to replace Mr Fernando Santos Martins as cious of imported ones. The same goes for telecoms hardpresident of TAP-Air Portugal, ware and services. the state airline. The appoint-

However, given the quality of German telecoms products, ment is one of several changes expected in the top manageespecially features such as dig-Ital services, German producment of state-owned compaers are having trouble persuad-Police are investigating alleing clients that they are as gations of corruption involving good as the foreign competi-TAP's purchase of four Airbus tion. A-340 airliners. The company is

WorldCom's coup has starforecast to show a loss of about

tled not only Deutsche Telekom, the monopolist which is to be partially privatised this

was done to make calls more attractive for private clients: A government decision in mid-March is expected to approve the corporate discounts if Deutsche Telekom does something for private clients. Meanwhile, the company's confidence about recovering the Bundestag contract, which can be cancelled at 14 days' notice, may not be misplaced.

The moment Deutsche Telekom can make a new offer wewill begin talks," said a Bund-... estag spokeswoman.

If Deutsche Telekom can recover the contract it will go some way to make up for a dismal start to the year - and soothe those horrified that an institution as German as the Bundestag could prefer to do husiness with the Americans.

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González heads for defeat on his home ground Fun-loving, backward,

Andalucia is likely to be crucial in next month's election, writes Tom Burns in Seville fickle and

passionate, Communist party is expected to make strong gains at the Socialists' expense. "National elections are won

or lost in Andalucia," says Mr Javier Arenas, regional leader of the centre-right Popular party (PP). "This time we are going to win." In municipal polls less than

a year ago the PP captured the city halls of Andalucia's eight provincial capitals and won control of almost all the middle-sized towns. Mr Manuel Chaves, who was

where gross domestic product per capita income is only 69 a partner in Mr González's per cent of the national averlabour law firm in Seville in age, and unemployment is run-ning at 30 per cent - 10 points the late 1960s, served in the cabinet as labour minister for five years and has headed Electorally it is crucial - its Andalucia's Seville-haeed 7m people return 54 deputies to regional government aince Madrid's 350-member congress, 1990, admits the PP and the more than any other region. Since 1982 It has delivered s Socialists are "neck and neck". In 1993, when Mr González solid Socialist vote which won his fourth term in office, enabled Seville-born Mr Gonz-

the Socialists won over 1m more votes than the PP. That But the premier is bracing lead came mainly from Andahimself for a poli defeat on lucia, where thay gained \$50,000 more votes than the centre-right. But in the 1994 European

nt. - Madrid PAINS S

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parliament elections. Andalucia began to follow the national voting trend. The PP polled over 200,000 votes more than the Socialists, while a sharp rise in the centre-right vote stripped Mr Chaves of his majority in the Andalucia parliament poll on the same day. Last May's municipal vote confirmed the electoral swing. "More people are governed locally by us in Andalucia than hy the Socialists and people have discovered we are moder-

. . . .

Opinion polls in the main Spanish newspapers yesterday showed Opinion poils in the main spanish newspapers yester way subweat the centre-right Popular party strengthening its lead over the governing Socialists, just three weeks before the general elec-tion, writes David White in Madrid. Four different polls all indicated that the PP was gaining ground with 40-42 per cent of the vote, but were less consistent about the Socialists' score.

nies.

The opposition newspapers El Mundo and ABC both published surveys giving the PP a lead of more than 10 percentage points. ABC said this would secure up to 172 seats, just short of an ontright majority but enough to govern on its own. According to El País, the gap was just over 9 points. But La Vanguardia in Barcelona showed the Socialists only 6.5 points behind with 34 per cent. This would give the PP 160-170 seats, only shout 25 more than the Socialists.

The polls confirmed expectations that the Communist-led United Left will reinforce its position as the third party in parliament.

campaigns saying we are a bunch of hard rightwingers hecause "everything works, nothing is paralysed".

don't wash any more." Mr Arenas - young and dynamic with quickfire repartee and charm reminiscent of Mr González's campaign style 20 years ago is a model of the new image that Mr Jose Maria Aznar, the PP leader, has grafted on to his party. Ms Soledad Becerril, the Pop-

ate, modern, decent and effi-cient." says Mr Arenas. "Scare dow" of the PP in power

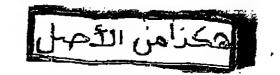
ls fighting on two fronts, against the PP and of the Com-munist-led United Left (TU) Mr Chaves says ruefully: coalition. In addition, he has "The PP has a lot of influence been exposed, more than any other Socialist leader, to the simmering split in the governnow and it is spreading out from the cities. We have lost the urban vote and we are losing the vote of the young, just ing party. Andalucia is the chief stronghold of the gueras everywhere else in Spain." rista wing of tha Socialist party Opinion polls tend to substanwhich supports Mr Alfonso tiate his worries. A poll published on Saturday by El Pais, Guerra, deputy party leader and once Mr González's closest ular party mayor of Seville, Spain's biggest-selling newspa-

political associate. Born in Seville, like Mr González, and deputy prime minister from per, suggested that the PP 1982 to 1991, when he fell out would for the first time be the biggest party in Andalucia, with him, Mr Guerra has pub-licly complained that his folwhera regional elections are lowers have been dropped as also being held on March 3, candidates from the party's The poll gave it 39.3 per cent of electoral lists. the regional parliament vote; the Socialists 35.7 per cent.

"Voters simply want a change. They've had enough of Mr Chavea's prohlems in 12 years of unemployment and Andalucia's regional elections mirror those of Mr González. Corruption," says Mr Luis Carlos Rejón, IU leader in Andalucia Mr Rejón is quietly Short of a majority in the 109member regional parliament, confident that a Socialist just as the prime minister is in humiliation in Andalucia will prompt the dismissal of the the Madrid congress, Mr Chaves has failed to get a hud-get through parliament for the González old guard in the governing party and a realignment of "progressive forces" to bring together the Socialist left and past two years, while Mr Gonz ález's national draft 1996 budget was rejected last October. IU. The region, he says, is a Like Mr González, Mr Chaves fertile ground for "political experiments". Nevertheless, the PP must

tread warily in Andalucia, for the Socialist vote remains strongly entrenched in rural areas where unemployed labourers survive on government snhsidies. Mr Arenas says the rural handouts are necessary to "preserve socia" peace", atthough he will fine tune them to encourage employment.

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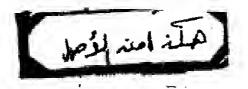
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poorest states in the country,

above the national average.

alez to remain in power.

and a second state of the second



and Mr Keyes.

to make a powerful visual statement on family values. The success of his campaign

Buchanan with 11 per cent.

NEWS: THE AMERICAS

• Forbes fails to win over Iowa's right

V oters in lowa will pass as a bloc: polls show that about their verdict today in a third support Senator Dole a straw polls to help select this year's Republican candidate for US president, set the party's agenda for economic and social change - and reveal whether Mr Steve Forbes, the multimillionaire publisher, can mount a serious challenge for the presidency. The nine men who aspire to be the Republican presidential candidate spent the weekend attacking one another, trading

allegations of smear tactics, and courting ultra-conservative voters of the religious right, who are likely to form at least a third of all caucus-go-Mr Forbes - who has bought

millions of dollars worth of television advertisements to attack the Rapublican front-runner, Senator Bob Dole, and other rivals - complained at the weekend that he was a victim of negative campaigning. He accused Mr Dole of using anonymous telephone callers in a "campaign of distortion" against him, designed to present him as a social liberal on issues such as abortion

from the Christian right. But

dominated the final key event of the lowa caucus campaign with a rally at a Des Moines church on Saturday night, called to protest against gay and lesbian marriage. Only three conservative can-

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smaller pool of voters who are likely to attend caucuses. Mr Forbes is widely despised by the religious right, which n the end, dominance of the crowded nine-man field, which also includes former governor Lamar Alexander of Tennessee, Senator Richard Lugar of Indiana, Mr Robert Dornan of California and Michigan industrialist Mr Morry Taylor, could be deterdidates attended the event mined more by campaign the commentator Mr Pat Buchorganisation than anything anan, black conservative Alan else. Senator Dole, who has Keyes, and Senator Phil bussed in 300 young supporters Gramm of Texas. But all the from neighbouring states to main Republicans, including the supposedly liberal Mr drive voters to the caucuses

and staff the phone banks, has Forbes, pledged their support for the rally's resolution conspent more money and time on organisation than the other demning any moves to allow candidates. Mr Forbes has spent only a fraction of his milsingle-sex marriage. Mr Buchanan inged voters to reject the lions so far on grassroots "false god of gay rights". Other candidates tried to enlist God organisation. And Republicans will have on the side of causes as dispa-

been reminded at the weekend rate as introducing a flat that their main task tonight is income tax and welfare reform. to pick someone who can beat incumbent President Bill Clin-Tonight's caocuses, which will bring Republicans and ton. Mr Clinton campaigned in Iowa on Saturday, and drew by Democrats together separately in schools, town halls and far the biggest crowd of the homes to vote in a straw poll political season, several times for the presidency, could be heavily influenced by voters the size of any Republican rally. 53. 24

Patti Waldmeir

Scientists remain optimistic that systematic hunt for radio signals will pay off eventually

Search for alien life form draws a blank

By Cilve Cookson in Baltimore

We are still alone. The recent discovary of three planets orbiting distant stars has given new impetus to the scientific search for extra-terrestrial intelligence. known as Setl to

a third support Senator Dole, a its devotees, but no clear sigthird back Mr Buchanan, while nals hava yet been detected. others prefer Senator Gramm The leaders of the world's four main Seti projects, all Very few of these highly based in the US, met at the motivated voters are likely to American Association for the turn out for Mr Forbes -Advancement of Science conthough he was trying so hard ference in Baltimore yesterday

to appeal to social conservato review progress - or the tives that he turned up to campaign on Saturday accompan-ied by his wife and daughters,

lack of it. All the participants said they remained optimistic that their strategy - to search ths sky systematically for microwave radio signals from alien civilisations - would pay off eventually.

And they hoped that publicity over the discovery of new planetary systems would bring in private research funds to support Seti.

The US Congress cut off public funding through the space agency Nasa in 1993 as some politicians portrayed the scientific search for extra-terrestrial

intelligence as being little different from the unscientific investigations of UFOs and alien abductions. In fact, said Prof Lori Marino of Emory University, one of the

conference organisers, "Seti is pursued using the scientific method. it is as different from the pseudoscience of UFOs as any college course in physics or chemistry would be." None of the four groups has

found clear evidence of intelligent signals from outer space, despite occasional claims to the contrary in the media.

Hundreds of stars, including those recently discovered to have planets, hava been scanned without success.

Absence of evidence is not evidence of absence of extraterrestrial civilisations," said Prof Dan Werthimer, head of the Serendip search at the University of California, Berkeley. "Our civilisation is just beginning to develop the techniques,

are doubling every year." Perhaps the most puzzling signal detected so far was recorded in 1977 at Ohio State heard again.

University's radio telescope, Prof Dixon said yesterday that ha was about to re-analyse recordings of the signal, with a grant from the Planetary Society, in an attempt to solve the mystery. Meanwhila, radio signals

from Earth radiate out through the cosmos. "Early television broadcasts such as 'I Love The Wow signal could not have originated from any Lucy have gone past several known natural process, but thousand stars so far," said unfortunately it lasted only for Prof Werthimer. "Perhaps we will one day intercept another a minute and, despite many civilisation's unintentional searches over the years at the leakage or even an intentional same frequency, has not been

message beamed our way."

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Cuts at Northrop hit aircraft sector optimism

could well turn on the reaction of lowa voters to his negative advertising campaign. And By Christopher Parkes in Los Angeles

there were signs at the week-Hopes raised by Boeing's plans to end of a voter backlash against take on new workers in the west coast it. A poll conducted by the Des aircraft industry's first large hiring Moines Register newspaper showed Mr Forbes slipping programme since 1989 have been hit by the threat of further cuts at Northbehind. It gave Mr Dole 28 per rop Grumman.

cent support, well ahead of Mr The military aircraft specialist, which last week reported record prof-Forbes with 16 per cent and Mr its for 1995, is expected to reduce its But opinion polls are notably assembly workforce by at least 1,000 unreliable in predicting cancus in the short term following Thursresults, as they poll registered party members rather than the day's announcement that the Defence Department will not be ordering more Northrop B-2 bombers.

Although a formal jobs policy announcement is not expected for two weeks, Boeing shares rose to a 52week peak of \$82% on Friday following reports that the Seattle-based group would hire 5,000-7,000 people in the next 12 months.

The mood in the group, which shed almost 30,000 jobs in the last reces-sion, has been improved by stronger foreign orders, although most are for smaller aircraft. US carriers are still bogged in

extended price wars and are reluctant to invest in fleets.

The economy in Washington state

is among the weakest, with manufac-turing employment falling more than 8 per cent last year, compared with a decline of only 0.2 per cent in the region as a whole.

California, on the other hand, is riding a wave of expansion in the enter-tainment and electronics industries which has obscured continuing strains in the aircraft business. McDonnall Douglas, which has

Airbus Industrie in the civil aviation market remain unsolved. On-off erger talks with Boeing are expec ted to resume soon. Meanwhile, Northrop Grumman,

State.

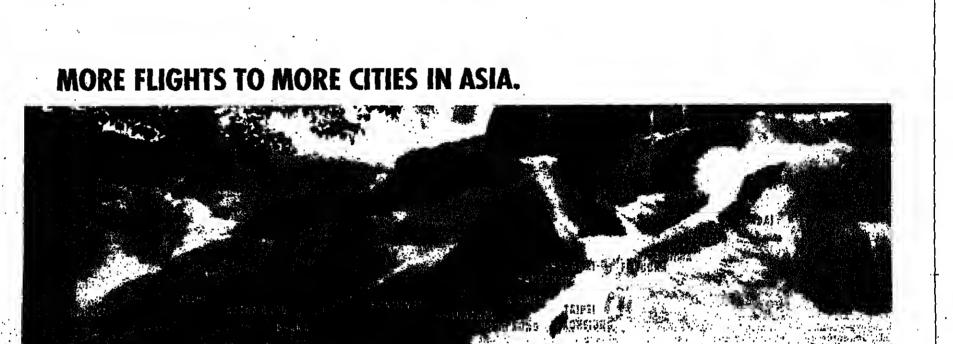
which is completing the \$3bn purchase of Westinghouse's defence and electronics arm, continues its transformation into an electronics concern.

The wisdom of the strategy was large plants in Los Angeles, may ben-efit from some increased contract underscored by last week'a bad news from the White House, which followed work on Boeing aircraft components, several months of hints that President Bill Clinton favoured buying more B-2 but the basic difficulties caused by lagging behind Boeing and Europe's "stealth" bombers.

Los Angeles-based Northrop has not yet decided on the future for the B-2 workforce, estimated at almost 9,000, when the air force's current order for 20 aircraft is completed in 1998

Plans had already been drafted for extensive payroll cuts and factory clo-sures as part of the group's focus on industry sectors less sensitive to political pressure and government budget SODEEZES.

Some staff will still be needed beyond the turn of the decade to update and modify aircraft already in service



and our capabilities for search

This so-called "Wow" signal named after the scientists' initial reaction to lt - was an "astoundingly strong" burst of microwave radiation in an extremely narrow band, said Professor Robert Dixon of Ohio

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Digital Barbie sets the trend in \$1bn market

By Christopher Parkes

23 Virtual Barbie, a digitalised version of the "real" queen of playland, is to lead an attempt by Mattel to exploit an untapped sector of the toy market, worth an estimated \$1bn a

In company with characters such as Polly Pocket and Cabbage Patch Kids - but leaving behind her male friend, Ken -Barbie, ber wardrobe and make up kit have been transferred on to CD-Rom. The California-based multi-

national hopes its first computer-age products, developed and marketed by a new subsidiary, Mattel Media, will capture the imaginations of girls aged between six and ten, who typically spurn computer games and entertainments.

Mr Doug Glen, president of the new company, hopes to hitch his products to the rising trend in multi-media bome computer sales.

By the end of this year, he says, the number installed in US households should be well above 20m.

According to Mr Glen, girls "drop out" of the market at the age of six, after mastering mainly educational software, and turn to typical play pat-terns. These, he says, reflect children's perceptions of what

Boys, who see themselves as "warriors", are well provided for with aggresaive screen games; Mr Glen estimates \$5 per cent of all entertainment software is designed by and for

hey might do when they are

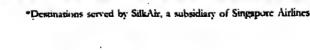
boys or young males. The more social and romantic roles favoured by girls, who also like to play in groups, include, in the case of Barbie, dressing, combing, and making up in preparation for a special

In one kit, due in the shops later this year and expected to sell for almost \$40, the CD-Rom disc is packed with computeraided design data more usually. found in industry, which allow a child to fashion complete wardrobes for Barbie.

Clothing components may be adjusted at will until the doll is dressed and ready to be animated for a walk down the fashion show ramp. At this point the child can print out her designs on special fabric before assembling the clothes ready for wear.

In another first, Barbie will be heard speaking on screen in French, German, Spanish, Italian and English.

When Barbie gets to sweep Ken off his plastic feet is not an issue Mattel is prepared to



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400 flights to Asia, Australia and New Zealand. Always aboard the most modern fleet with inflight

service even other airlines talk about.



NEWS: INTERNATIONAL

Japan and S Korea bring territorial row to a head as nationalist sentiment hardens

tion on the law of the sea, due

for adoption in the current par-

The UN convention, which

came into force in November

1994. permits signatories to

declare a 200-mile exclusive

economic zone around their

territory and provides them

with exclusive rights to fishing

and other maritime resources

Japan's civil servants could

not resist the temptation to

include the island as Japanese

what it calls Takeshima, and the Koreans call Tok-do island.

has confirmed the worst fears

of officials in Seoul that the

inauguration of Mr Hashimoto

as prime minister would lead

to increased tensions. The pro-

test hy Tokyo over the pro-

posed Korean construction of a

pier on the island is seen as a

sign of resurgent Japanese

Japan's renewed interest in

liamentary session.

territory.

Battle lines drawn over island dispute

he row between Japan and South Korea over

the ownership of an island in the Sea of Japan represents a potentially serious dispute, with neither side preparing to back down as nationalist sentiment hardens in both countries.

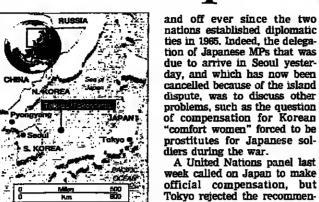
Mr Ryutaro Hashimoto, leader of Japan's Liberal Democratic party and a proponent of an assertive foreign policy. marked a shift to the right when he took over as prime minister last month from the pacifist Mr Tomiichi Murayama, the head of the Social Democratic party.

The shift has been in time with the public mood, judging hy the nearly 60 per cent sup-port his government has achieved in opinion polls.

The integrity of Japan's national identity is high on the agenda of Mr Hashimoto, who last summer won plaudits for beating off US trade demands in a dispute about access to the Japanese car market. He was until last October the

chairman of the main association of secood world war veterans' families and opposed Mr Murayama's proposal last June for the first parliamentary apology for Japan's war record to mark the 50th anniversary of Japan's defeat.

In the event, Mr Murayama was reduced to making a personal apology, without parliamentary backing. It created an amblvalent impression which went down badly in South



dation, which has further poisoned relations with Seoul. Against this tense back-Korea, still harbouring painful memories of its time as a Japa-nese colony from 1910 to 1945. ground, both sides have forced the dispute to a critical point. But even Mr Murayama, Until recently, Japan tolerated later last year, was to offend Korean occupation of the island despite Tokyo's formal position that it has been Japa-South Korea by claiming that the 1910 annexation treaty was nese territory since an agreelegally valid, a remark for ment with Korea in 1905. which he later apologised in the face of the inevitably angry But that changed when the

Korean response. Japan's relations with South Japanese government drafted legislation for the ratification of the United Nations conven-Korea have been strained on

tion of Japanese MPs that was

due to arrive in Seoul yester-

day, and which has now been

dispute, was to discuss other

problems, such as the question

of compensation for Korean

"comfort women" forced to be

prostitutes for Japanese sol-

A United Nations panel last

week called on Japan to make

diers during the war.

China 'pirate' ship held

The Philippine Navy seized a suspected Chinese pirate ship and its 20 crewmen over the weekend after they tried to ram a navy boat in a gun battle north-west of Manila, Reuter reports from Manilo. There were no casualties in the second sea clash in three weeks between the Philippine Navy and suspected Chinese vessels off the Subic Bay free port, an area notorious for pirates. Two navy patrol ships and a gunboat engaged the vessel. driving it back to land with heavy gunfire. Capt Ernesto de Leon, who commanded the navy force, personally briefed President Fidel Ramos on the incident.



nationalism and territorial expansion. President Kim Young-sam is

under strong political pressure to take a firm response to the Japanese challenge. The Korean public has a higher awareness abont the island than the Japanese. There is even a popular song whose refrain begins "Tok-do is our land". The row has provoked an

emotional response in Sonth Korea. Demonstrations have been held outside Japanese diplomatic offices, while a group of prominent Korean writers plans to sail to Tok-do. Bnt there are suggestions that Mr Kim welcomes the public outrage and is even encouraging it as he faces tough parliamentary elections in April. The government suddenly enjoys wide public sup-

port as It confronts Japan, and this is likely to benefit the rul-

ing party, which is has been threatened with the loss of its majority in the National

Assembly Mr Kim appeared to be cater-ing to public opinion at the weekend hy releasing a unusually strong statement attacking Japan over Tok-do desplte a recommendation by foreign ministry officials to take a

more low-key approach. However, the president views an assertive foreign policy as an electoral asset. His recent tough attitude toward North Korea, including the denial of food aid to its starving population, is meant to appeal to conservative voters who believe his government has been too weak in defending South Korean interests.

> John Burton and William Dawkins

INTERNATIONAL NEWS DIGEST Taiwan to lift shares ceiling

Taiwan plans to lift a ceiling on foreign investments in domestic shares from 15 per cent to 20 per cent of total market capitalisation, the central bank said. The move could take effect as early as the end of this month, in time to boost flagging share prices before the country's first presidential elections.

The new ceiling will include investments by foreign individuals, once such investments are permitted. Currently only foreign institutional investors approved by Taiwan authorities are allowed to invest in Taiwan's stock market. No definite date has been set for the admission of foreign individuals, with estimates ranging from the end of this Loura Tyson, Toipel month to the end of June.

China's trade surplus to fall

China'a trade surplus is expected to fall sharply this year to about \$5.5bn from last year's \$16.6bn, following reductions in tariffs and a cut in tax rebates on exports.

Mr Ma Jixian of the State Economic Trade Commission expected imports to grow this year by about 25 per cent compared with 14 per cent last year. Tariff cuts to come into ffect on April 1 would help fuel imports.

He expected export growth this year of 10-15 per cent compared with 23 per cent in 1995. Exports have been sluggish in the first weeks of this year, hut are expected to strengthen after the spring festival holiday beginning on Tony Walker, Betjing February 19.

France 'to stick to Emu rules'

France will stick to the timetable and rules for European. monetary union, Mr Alain Juppé, prime minister, says in today's *Die Welt* in an interview timed to coincide with his meeting in Bonn later in the day with Chancellor Helmut Kohl Recent suggestions that softer Maastricht criteria for monetary union might help the French government to reduce deficits were "perfectly perverse", Mr Juppe told the German newspaper.

The French premier has been swift to dissociate himself from any call, like that recently made by ex-President Valery Giscard d'Estaing, for the Maastricht criteria not to be taken too literally, for fear of upsetting the Germans and of diminishing political pressure for spending cuts and tax rises David Buchan, Paris at home.

Rumours hit Taiwan bank

A medium-sized Taiwanese bank has suffered a run on deposits of lowing rumours that the bank's chairman had borrowed from the bank to invest in shares. By close of business on Saturday, investors had withdrawn T\$9.1bn (US\$332m), about one quarter of the deposit base of Medium Business Bank of Taitung in the south-east of the island.

Further withdrawals are expected today. Several other banks, whose share prices fell on news of the run, met to discuss an aid package and have agreed to lend up to T\$12bn in cash to the stricken bank to meet withdrawals. Laura Tyson, Taipei

Cuba frees three prisoners

Cuba has released three political prisoners to a visiting US Democrat congressman, in an apparent goodwill gesture aimed at trying to persuade President Bill Clinton to change US policy towards Cuba. Mr Bill Richardson, a Democrat congressman for New

Mexico who is also the deputy whip of the House of Representatives, returned to the US with the released prisoners at the weekend after talks with President Fidel Castro,

The three former detainees, who had been jailed for between nine and 13 years for rebellion and "revealing state secrets". were on a list of political prisoners whose release Mr Richardson had requested from Mr Castro during an earlier visit to Havana in January.

The US State Department welcomed the move hut stressed that Mr Richardson had been acting on his own initiative and not as an envoy for the US government. While welcoming the

Canberra targets Japanese recording industry tariff scheme to pay for pledges

By Nikki Tait in Sydney

Australia's federal government yesterday said it would scrap a scheme under which importers are given a tariff concession if there are no local manufacturers of substitute goods.

The scheme will end in July to help pay for election promises if the government is returned to office in the March 2 poll

The end of the concession scheme was the main element in a complex package of revenue-generating and cost-cut- a qualification for tax benefits,

Willis. Its abolition, which would coincide with a fall in the general tariff rate to 5 per cent, would generate about A\$1.76bn over four years, he added.

Another key component of Mr Willis's package was an A\$S00m-a-year revenue gain from a crackdown on wealthy tax evaders. The government also

what suspect. announced a range of mea-They are not well-known sures to save smaller sums of albums, hut haphazard compi-lations of old hits, jumbled money. These included tightening company residence rules as together under titles such as "the great hits". However, estimated to save a further

n the cramped, twisting back streets of Shibuya, a protection back 50 years (to 1946) as in the US and most other western countries.

popular part of Tokyo frequented by the young, make-shift stalls are erected in the evenings to display an array of CDs including rock and pop. classical music and jazz. Even to the casual passer-by. the CDs, which are hetween

half and one-fifth the price of Japanese CDs sold at established record stores, look some-

"We feel that it would be a very good thing to extend the

seeks harmony over royalties

protection of recorded music neighbouring rights back 50 years," says Mr Takuo Chiba, general manager of the Recording industry Association of

Mr Chiba, whose association represents large Japanese record companies such as Sony Music Entertainment, Toshiba EMI and Victor, bas heen eagerly awaiting the US action, which he hopes will correct a the lyrics. "These companies are taking

These CDs tend to be compilations of music from the 1960s and earlier, since Japanese law does not protect neighbouring rights for music recorded before 1971. CDs of early Beatles music,

Elvis Presley, Paul Anka and a substantial number of Simon and Garfunkel pieces - all extremely popular artists in Japan - are sold at street stalls for as little as Y500 (\$4.70) a disc, compared with ahout Y2,500 for an album produced by RIAJ memhers, complete with Japanese translation of

Government and business at odds over rights says Michiyo Nakamoto The association has been lobbying against abolition of the resale price maintenance system, which has been criticised as an anti-competitive practice that keeps prices high in

Japan. "People see these discount CDs and say we are calling for keeping the resale price maintenance system while at the same time dumping our prod-ucts on the market," he moans. Companies which sold these discount CDs were hurting

RIAJ members not only hy dumping products hut also by giving them a bad image. Mr Chiba fully supports the $\langle \cdot \rangle$

ting measures worth A\$7bn (US\$5.3hn) unveiled by Mr Ralph Willis, treasurer, in an effort to convince voters that the government can pay for all the promises it has made.

The Labor government publisbed the measures hours before Mr Keating, prime minister, went into a televised debate with Mr John Howard, leader of the opposition coalition. During the debate Mr audience of "uncommitted vot-Howard said the coalition. which has been equally free in promising largesse, would 49 per cent. release funding plans on Thursday.

The tariff concession scheme would have cost the government A\$730m in the 1996/7 financial year, according to Mr

A\$182m over four years: savings of A\$320m over the same period through internal government department efficiencles and greater use of consultants; and extension of the "reportable payments" tax system to the fruit and vegetable industry, which could find A\$286m In the TV debate a studio

the environment

ers" awarded Mr Keating a property protection further narrow victory of 51 per cent to Labor's election promises over past weeks bave ranged from A\$490m increased annual spending on the health system,

and A\$617m over four years on

situation the association itself these discs are not illegal. has long regarded as unacceptat least not under Japanese able.

But their legality in Japan panies which helong to the has made these CDs the target association pay huge licensing of a trade dispute with the US fees to foreign companies for in which, ironically, Japanese access to their music cataindustry is not on the side of logues. These fees cover not only the intellectual property its own government. of the music composers but Japan's recording industry has been cheering the US move also the neighbouring rights of to spread the net of intellectual the recording artists and the record companies.

than Japanese law recognises. Bnt there is a substantial Under Japanese law, amended on January 1, the grey market for CDs which are manufactured by small comparights of recording companies nies that do not belong to the and artists - known as neigh-RIAJ, and are sold for much bouring rights - are only proless than the price of those tected retroactively to 1971. marketed by the big record The US wants Japan to extend companies.

advantage of loopholes in the law which allow them to make Large Japanese record com-CDs without paying royalties to the recording artists or record companies," notes Mr Chiba. "They are dumping CDs at very low prices, which they can do because they don't pay those royalties," be com-

plains. For the most part, they do pay royalties covering the intellectual property rights of the music composers, according to the Japanese Society for **Rights of Authors, Composers** and Publishers. Mr Chiba at the RIAJ is also

annoyed at the bad image the grey market has given Japan's recording industry.

US move to stamp out the discount CDs. Discount CDs are also outside the resale price maintenance system and Mr Chiba believes that maintaining prices in an orderly manner under this system, which allows retailers to return unsold stocks, is good for the industry.

Thanks to the system, Japan's market, which is half the aize of that in the US. where there is no such aystem, has three times as many CD titles in the sbops. If Japan has to change its rules. Jananese consumers will find themselves deprived of one of the few things in the country that seem genuinely chean.

releases, the department repeated a call for the Cuban government to free more than 1,000 people being held for their political beliefs. Pascal Fletcher, Havana

Severe floods hit Jakarta

The Indonesian capital has been hit by severe floods for the second time in a month, leaving thousands homeless and disrupting electricity supplies and telephone lines. Last month's floods, the worst in 20 years, have been blamed for pushing the year-on-year January inflation rate above 10 percent for the first time in three years.

January's year-on-year rate was 10.98 per cent, with increased food prices driving the overall rate higher. There is: concern that the latest floods will carry higher food prices; through for at least another month, causing the inflation rate to remain over 10 per cent.

Torrential rains overwhelmed a network of rivers in Jakarta, killing at least six people and paralysing the capital. Yesterday workers from Telkom, the state-controlled domestic phone company, were working to restore some of the 75,000 telephone lines that were cut in the rising waters.

Areas in and around Jakarta's central husiness district were covered hy 60cm of water while other parts of the capital were submerged in 2m of water. Manuela Saragosa, Jakarta

Row splits Argentine party

Argentina's governing Peronist party yesterday celebrated the disintegration of the Frepaso party, whose two main leaders said they could no longer work together.

Mr Jose Octavio Bordón, who came second to Mr Carlos Menem in last May'a presidential elections, left Frepaso at the weekend after months of backblting with his vice-presidential running mate, the more leftwing Mr Carlos "Chacho" Alvarez. The dispute centred on Frepaso's candidate for Buenos Aires mayoral elections due to be held in June.

Frepaso, which in recent years has dealt the Peronists three ounishing electoral defeats in the federal capital of Buenos Aires, will now find it hard to construct a national apparatus capable of winning power. Mr Bordón, who is joining forces with Mr Gustavo Beliz, a Peronist defector, faces an uphill battle to build an electable "anti-corruption" alternative to Peronism. David Pilling, Buenos Aires

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Bangladesh election violence claims 12th life

By Mark Nicholson in Dhaka

Political violence in Bangladesh yesterday claimed its 12th life in the run-up to Thursday's opposition-boycotted elections. The shooting of a police chief, during clashes with opposition activists in Chittagong. prompted Mrs Khaleda Zia, the prime minister, to warn of "stern action" against opposition parties which are planning a week of strikes in protest against the poll.

More than 300 people were injured and a policeman killed in central Dhaka on Saturday as police armed

cannons broke up a rally of around 5,000 opposition demonstrators. many hurling hricks and home-made bombs. Two bank branches, several petrol stations and election booths were set alight in a two-hour clash, which 2,000 police and paramilitary forces otherwise contained. More violence is expected this week

as Bangladesh's three main opposition parties, the Awami League, the Jatiya party and the Jamaat-i-Islami, will seek to paralyse the country, calling a transport stoppage tomorrow followed by a general strike, or

with shotguns, teargas and water hartal on Wednesday and Thursday. The election follows last November's dissolution of parliament after more than a year of protests led by Sheikh Hasina, leader of the Awami League, which resulted in the three parties resigning from parliament. **Opposition parties claim Mrs Zia's**

Bangladesh Nationalist party is inca-pable of holding free and fair elections and should resign in favour of an interim and neutral caretaker government with no interest in the poll result.

Mrs Zia has consistently rejected the demand as impossible under Ban-

gladesh's present constitution, arguing that she is also constitutionally obliged to proceed with this week's poll even in the face of a boycott. The government says 41 smaller

parties will contest the election with the ruling BNP, though none of these won more than 0.3 per cent of the vote during the 1991 election which brought Mrs Zia to power. Forty-nine BNP candidates have already been returned anopposed to the assembly's 300 elected seats.

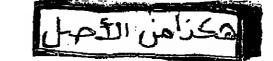
The three opposition parties, which together captured 54 per cent of the vote in 1991, have branded the poll a

"farcical" and "voterless" election which, Sheikh Hasina said yesterday 'must be stopped".

Despite skirmishes expected across the country, particularly in Dhaka and Chittagong, on election day, the government, backed by 200,000 police and security personnel at 21,000 polling stations, is set on holding the poll, hoping that thinly-based opinion poll predictions of a 30 per cent turnout may materialise.

The opposition says no more than 5 per cent of Bangladesh's 56m voters will turn out. More than 56 per cent voted in 1991.







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GSM is the world's first standard in digital mobile communications. It stands for Global System for Mobile Communications - and Deutsche Telekom played a big part in its development. Along with ISDN and **Asynchronous Transfer Mode** (ATM), it's just one of the foundation stones we are laying for the worldwide information infrastructure of the future.

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UK NEWS: NORTHERN IRELAND PEACE CRISIS

Sinn Féin leader no longer has any real clout with republican hard men, says John Murray Brown

Blast shatters Adams' credibility

lf there was anyone yesterday who looked more shattered than Mr John Bruton, the Irish prime minister, lt was Mr Gerry Adams, who for the past 18 months has been attempting to give militant republicanism an acceptable public face.

In a gruelling schedule of medla interviews, the Sinn Féin president seemed shellshocked and irascible, his eyes bloodshot from the strain of the last couple of days.

Mr Adams' assertion that he knew nothing of the timing of the IRA's announcement to end their ceasefire appears to have been accepted by politicians in Dublin. It is nonetheless hard to accept that he was unaware that an end to the ceasefire was in the wings.

By the same token, it is clear tbat Mr Adams no longer has any real clout with the hard men, who seem intent on their return to the long war. Mr Adams' role in the peace process was largely based on the was not taken lightly, and cer-assumption that he did speak tainly not for short-term authoritatively for the IRA. The Irish government's deci-sion to sever formal ties with Sinn Fein was described by Mr Adams as "disappointing. But Duhlin's position has an inescanable logic as it was Sinn Fein's assurances of the IRA's good faith that was taken as the passport to bring Sinn Féin in from the political wilder-

Irish republicanism has an unhappy history of factional-ism and bloody feuding, from the shooting of Michael Col-lins, the guerrilla leader who negotiated partition, to schisms in the 1970s over wbether to contest elections to the Irish parliament. The prospect of another split

may gn snme way tnwards explaining the IRA's decision to abandon the peace process. If one thing is for sure, the decision to return to violence

INSURANCE - By Ralph Atkins

edvantage. For Mr Adams personally,

there must be a real question about his safety. He has a bodyguard and even during the ceasefire was said never to sleep in the same house for two consecutive nights. His precautions may now have to extend to cope with vengeful elements within the IRA. The IRA had never given more than a conditional endorsement to Mr Adams' endeavours. For all Mr Adams fine words about the peace strategy being his priority, Friday's bomb would appear to

have ended the co-operation between Mr Adams and Mr John Hume, leader of the constitutional netionalist Social Democratic and Labour party. Mr Adams and Mr Hume coaxed the IRA to go along, hut their continued support was always contingent on tangible

results. Although Irish politicians are anxious not to hiame the British publicly, there is a widely held view that a more flexible attitude from the British in areas such as prisoners could have given Mr Adams more room for manceuvre. Insteed, there has been a mounting frustration with the lack of progress towards all-party talks. Even Dublin's Forum for Peace and Reconcilitions ation, set up to provide Sinn

Fein with a way in from the political cold, has ended as an exercise in isolating the republicans, who refused to endorse its concluding report on the peace process. Ultimately, it was the repub-

licans' perception that Mr Major's electoral vulnerability at Westminster had put the unionists in the driving seat. London can have little real expectation that Mr Adams will condemn the IRA as Sir Patrick Mayhew, the Northern pened.

Ireland secretary, hes demanded Equally, Mr Bruton Ireland can hardly expect the IRA to announce another ceasefire this time with verification - as was demanded on Saturday. Republicans will instinctively hlame the British for foot dragging, and playing to a unionist agenda, hut Mr Adams is also seen to have misread British inten-

The IRA reassessed its posi-tion and decided that the British response to the ceasefire was a military, one not a political one," says a nationalist councillor in Belfast. Mr Adams took his cue from

Mr Hume, believing that British policy had changed, that with the support of constitutional nationalists and the Irish American lobby, they could hring the unionists to the negotiating table. After 18 months, that had not hap-



Shell-shocked: Gerry Adams seemed irascible from the strain

terrorism cover would be

excluded from commercial poli-

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LOVALISTS Verdict reserved on violent response

The loyaltst paramtlitary groups in Northern Ireland are adopting a wait-and-see attitude to the end of the IRA ceasefire but do not discount a resumption of violence.

They want to see if the London Docklands bomb was a single shot across the bows of the British government, provoked by its stand on arms oning and elections to a local assembly, or the start of a protracted campaign. Mr David Ervine, of the Pro-

gressive Unionist party, which speaks for the Uister Freedom Fighters, one of the two main invalist paramilitary groups, said yesterday that he was stunned by the resumption of violence and very angry.

"If this is the start of a new campaign then it could very well be that the Inyalist groups would be forced to retaliate," he said. "We do not know for the moment."

Mr Ervine dismissed the idea that the loyalists would only act if the IRA resumed Violent activity in Northern Ireland. "I've heard it said that the IRA is going to concentrate on the mainland," he said. "As far as loyalists are concerned we are citizens of the United Kingdom. If there is e strike anywhere in the United Kingdom it is a strike against us."

Mr Ervine added; "I think and conditions. Only a limited yon can say that the universalmarket for terrorism cover has Ity of loyalist commitment to Airmic has suggested that the ceasefire is about to be Pool Re should be funded by a reviewed. The Combined Loyflat contribution or levy on all alist Military Command is not commercial property insurdue to meet until next Thursday. I would say that is a good ance, allowing a return to the sign. What it means is the loyautomatic provision of terroralist groups are going to conism cover. This would make it sider their position in a calm more akin to funds set up in and orderly way." other countries to protect

Mr Gary McMichael, of the Ulster Democratic party, which has links with the Ulster Defence Association (UDA), the other main loyalist paramilitary group, was mavailable for comment yesterday. His party said nothing had been decided yet "and probably won't be until later in the week".

If the loyalists were to resame violence the most likely targets could be in Dublin. When tensions were running high in the province there was a series of homb attacks in the Irish capital. In 1994 the loyalists claimint

ECONOMY Financial centre remains optimistic

Londou officiels were attempting yesterday to play down the impact on the capital as a financial centre following the IRA bombing in Docklands. Mr Micbael Pickard, the chairman of the Loudon Docklands Development Cnrporation, said he was hopeful that the bombing would not have a loog-lasting impact. "The history of these occasions is that the publicity causes a pause [in lettings] and no more than

that." he said. Mr Bernard Harty, the chief executive of the Corporation of London, said the City had demonstrated "a tremendous ability to recover" after the Bishopsgate bombing in 1992.

"This kind of terrorist achivity is not unique to the UK. It has happened in America, in Japan, in Frankfurt and in Paris." he said. "Businesses know that major centres will be a risk and that if they move to other places, that risk will

transfer to other places." Mr Harty said that since the a attac

Premiums threat as cost estimate tops £150m

terrorism insurance costs increase by as much as twotbirds following the Snuth Quay hombing, threatening fresh disquiet over the governmeot-backed insurance scheme introduced after earlier IRA attacks in London.

The Association of Britisb insurers last night estimated that insurance claims could total between £75m and £150m. Assesments by Thomas Hnwell, the loss adjuster. suggested that damage caused by Friday night's explosion caused by the IRA's homb would cost at least "tens of millions of pounds" - although attack at Bishopsgate in April 1993 which cost Pool Re £325m. much would depend on the reports from structural engi-"There is evidently a less broad area affected and the neers this week.

1992 bomb attack on the City chief executive, said yesterday said there was a fair chance of Many businesses could see The fears of many companies buildings are less sizeable," he after insurers said unlimited

will be that insurance claims falling on Pool Re - the statebacked terrorism "reinsurer" which underwrites policies sold by conventional insurers - will exceed £75m. Above that level, Pool Re would be able to claw back substantial extra sums from those who bave hought its policies since January 1. Mr Andrew Neale, the disaster manager et Thomas Howell, said the damage at South Quay was likely to be less expensive than that

said. However, insurance claims were likely from damage to huildings, contents (including expensive computer equipment), business interruption and loss of profits and rent. Moreover, previous terrorism threats to Loodon Docklands mean most husinesses based there are likely to have bought terrorism cover. Some insurance costs, particularly from houses and smaller

businesses, will be absorbed by conventional insurers rather than Pool Re. Some may also have been borne hy insurers outside the government-backed scheme, including Lloyd's of London syndicates. But insurance executives

the total falling on Pool Re exceeding £75m. The threshold is important because of Pool Re's discount system. Under terms announced for 1996 last November, the reinsurer said it during 1996.

Mr Leslie Lucas, Pool Re's

that it would not he clear whether the threshold had been reached until information is sent from insurance companies - possibly within a few weeks The threat of extra costs to

husiness across Britain is likely to renew debate about Pool Re which has been criticised as expensive and inflexible. Earlier this year, the Association of Insurance and Risk Managers (Airmic), which represents commercial insurance hnyers, warned that many businesses are having to choose hetween paying high premiums - or risk going without cover Pool Re was set up after the

SECURITY - By Jimmy Burns Ring of steel closes on City amid new alerts For the security forces, it is a Stepping up protection of the Square Mile question of once bitten, twice \sqrt{r} shy. Yesterday police chiefs on

the British mainland and in Exit points Northern Ireland reissued am Street by St Martins Le Grand

Gresham Street by Wood Street

Moongate by London Wall

(one horth, one west)

would collect only 60 per cent of the policy premium at the start of the period covered. The remaining 40 per cent would be waived if claims occurring to Pool Re dn not exceed fram

In addition, if claims rise above £75m, a 20 per cent premium rate discount on premium rates introduced for 1996 in the light of the IRA ceasefire would also be withdrawn when existing policies are renewed.

therpool St

and its neighbouring areas had attracted some significant international banks. Yet all these banks

announced their plans after the IRA declared its ceasefire in August 1994. Westdeutsche Landesbank and Deutsche Morgan Grenfeil announced intentions to move to the City soon after the ceasefire, and ABN Amro Hoare Goveti said only this month that it would bring together all its UK operations in e uew London headquarters in Spitalfields.

There is an acceptance that further bombings in London could still alter foreign perceptions of the capital as a financial centre. "What heppens in the totality of London in the peace process will be important," said Mr Pickard, "We cannot buck e trend."

Close ettention will now be paid to those companies contempleting moving to Docklands. Reader's Digest is one of the largest companies to have declared an intention to move but which have not yet signed contracts.

The US company, which is negotieting to buy a 140,000 sq ft huilding for its new headquarters, could not be contacted yesterday. Over the past four years

Docklands bas won some slgnificant new clients, including Barclays de Zoete Wedd, the investment banking arm of Barclays Bank.

Mr Pickard said 70 per cent of the 13m sq ft of space in Docklands had been let, up from 30 per cent in 1992. The 4m sq ft Canary Wharf complex bas received commitments for 80 per cent of the space, even if not actually let. He said the current rate of letting about 1m sq ft a year - would see Docklands fully let by March 1998 when the Jubilee Line extension is due to open.

The LDDC bopes the arrival of the Jubilee Line will trigger the next phase of development. In addition to the 13m sq ft already developed, there is 4m so ft with planning permission. How quickly this is devel-

oped depends now on the progress of peace talks. The bombers bave moved

np and down London." said Mr Pickard. "They have made two efforts - one successful and one unsuccessful - in Docklands. Our confidence depends on London not being seeu as a particularly difficult town."

Richard Gourlay tourists was about 27bn.

als. while stepping up overt security measures against terrorist attack. The measures include the

reactivation of manned checkpoints on key access roads to the City of London - the socalled ring of steel introduced following the Bishopsgate attack by the IRA in 1993.

One senior City of London police officer said last night: "We obviously realise that as one of the world's major financial centres, the City could be the target for another bomb. We can't be sure it will be ettacked, hut we can't afford to take chances.

In addition to restricted parking and traffic circulation, there will be roving teams nf armed police units, and protection of government huildings and senior public figures will be stepped up.

On the streets of Belfast, the Royal Ulster Constabulary has increased its street patrols, while considering calling in the army as heckup if end when necessary.

Having erred on the side of optimism, believing that the IRA ceesefire would hold, police and the security service M15 found themselves wrongfooted by last Friday's bomb. In its aftermath, police and security chiefs feel they have no option but to brace themselves for a renewed IRA military campaign. "The IRA could wait a few

eru Ireland.

days to see how politicians and the public react, but we can't rule out that the bombing will start agein after that," one security source said yesterday. The reluctance to make a firm prediction reflects on the

confused political situation which has developed in North-

Previous optimism was

Finsbury Circus by Moorgete Behoososte by Middlesex Street Houndsditch by Aldgate Ferichurch Street by Lloyds Avenue Fenchurch Street by Leadenhall Street Eastcheep by Mincing Lane Eastcheap into Great Tower Street Eastcheap by Boloiph Lane church Street by K. William Street K. William Street by London Bridge Cannon Street by Laurence Pountney Lane Queen Victoria Street by Cannon Street Cannon Street by SLPauls Churchyard Channelde by Newcete Street Entry points Gishopagate punction with Private Street Dukes Place innotion with Creecharch Land Aldeste lunction with Jewry Street London Badae function with Arthur Stree Cannon Street junction with Friday Street

Bidon Street junction with Wilson Street Ruses and taxis only: Moorgate junction with London Wa No direct entry into City va Southwark Bridge

Cheapaide junction with Newchange

based on the belief - shared by the British government and its security edvisers - that rankand-file rumblings nf discontent within the republican movement were insufficient to distodge the willingness and ability of Mr Gerry Adams and other Sinn Fein leaders to carry the IRA behind the peace Yet it now emerges that

while Sinn Fein officials continued their contacts with the Irish and British government, the IRA was carefully preparing its bomb attack. According to an initial assessment made hy a senior leading them to deadlock

anti-terrorist expert, Friday's bomb ettack was almost cartion of Fridey's bomb suggests that this specific terrorist ettack would have involved tainly the visible result of a covert IRA intelligence and logistics operation which had more specific planning over a been running almost from the moment the ceasefire was declared.

It is now believed that the IRA, far from winding down its operations, had refocused small teams on the mainland on intelligence missions with the aim of identifying potential targets. IRA hardliners have never renounced breaking the ceasefire if they considered

period of at least three weeks, with the final decision on the day and time taken around Wednesdey of last week, when British and Irish ministers failed to agree on a Dublin pro-posal for a Bosnia-style round table involving all political par-

ties. It is thought that the operation was known only to a very restricted group of people that the peece process was within the organisation, and may have involved the bomb-

The nature, size, and loca-

ers answering directly to a representative of the IRA's ruling army council.

The estimated 500lbs of bome-made explosive would have involved at least one IRA unit - two to three people - on e final surveillance of the area as well as on the assembly and transport of the device in a van. Other vehicles as potential decoys may have also been

The bomb is of a kind which has been often used by the IRA in Northern Ireland for propaganda purposes. It is less powerful and potentially causes fewer fatalities than Semtex.

hut its "wave" effect shatters glass over a wide area, produc-

point

ing dramatic photographic and film material The IRA picked on a target

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which, in common with many other parts of mainland cities, had relaxed its security presence in recent months. Over the weekend Sir Paul Condon, the Metropolitan police commissioner, admitted

that the blast et South Quay was "completely unexpected" Previous IRA operations in the area had been focused on the nearby complex of Canary Wharf, which includes the tallest building in Britain.

responsibility for bomh attacks in Dublin's Connolly station and in the city centre. Both the PUP and the UDP have very weak electoral sup-port. Mr Michael Ancram, the minister for polltical affairs in Northern Ireland, said late in 1994, after the Invalists had declared their own ceasefire in October, that the political parties speaking for the paramilitaries had only 1.3 per cent of the vote in council elections. This compared with 10 per cent for Sinn Fein, the political wing of the IRA. They have

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nne councillor each on two of Northern Ireland's 26 district councils, which have few powers. In addition, Mr Gerry

Adams, president of Sinn Féin; was elected to Westminster as an MP, before losing his seat in West Belfast to Mr Joe Hendron of the Social and Democratic Labour party, the moderate nationalist grnup. Because of their strong links with the paramilitaries, how-ever, the PUP and DUP woold be admitted to hilateral talks. Their weak electoral standing meant, hnwever, that they would not have an autometic right to participate in all-party talks.

Mr Ervine has served a jail sentence for the handling of explosives.

The Ulster Freedom Fighters has roots going back to the Ulster Vnlunteer Force, set up in the early part of the century to fight against home rule for all of Ireland. It is thought to have between 1.000 and 2.000 active members. The UDA is the larger of the paramilitary groups. It membership is thought to be about 6,000.

Stewart Dalby

TOURISM - By Shella Jones verseas visitors shrug off fear and carry on shopping

Tourists in London's busiest shopping districts appeared undeterred at the weekend by the bomb to it," ettack.

On Saturday, shoppers thronged as usual outside Harrods in Knightsbridge, a popular spot for overseas visitors.

More than 32m tourists came to the UK last year. About half headed for the capital, where spending by

"We live in Paris and there are e lot of bombings there so we're used to it," eaid Chris Clement, who to it," eaid Chris Clement, who arrived in London on the Eurostar train on Friday for e weekend trip, "We like London and the homh hasn't put us off. I'm surprised, though, that our bags haven't been checked in the big stores today. In Paris, bags are checked everywhere if there is a bomh." Four weekend visitors from North-

ern Ireland said they were "sorry we happen to have chosen this weekend to come". One added: "We're accustomed to this sort of thing. I couldn't help wondering how long it would be before this would happen. If there's to be a permanent peace, it will take at least a generation to build trust between the communities." Canadian couple Glovanni and

Ivana Vernich shrugged off the prospect of bombings in the capital. "If it

one-week trip from Frankfurt, said happens, it happens, we feel perfectly safe here," said Mr Vernich. Graham and Jean Price, on busi-ness from Liverpool for the weekend, had to cancel e meeting in Canary Wharf on Saturday because of the attack. "But we're going to enjoy ourselves in London instead. We try

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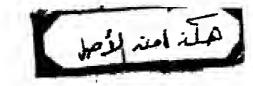
had bappened. "But I don't feel scared shopping here in London." Frank and Jette Zackrisson, from Aarhus in Denmark, arrived in Lon-don with their two daughters two hours before the bomb went off on Friday. "I saw it on the television not to think about it because really this morning, and of course I was worried," seid Mrs Zeckrisson. there is nowhere that is totally secure. You can't stop living." Helga Wollerich, in London for a "Maybe if there are more, I would

she was "very sad" that the bombing

think about going somewhere else." Thai student Amporn Buranabudsakorn said she felt "indifferent" as far ber as own safety was concerned. "Anything can happen. Anyway, I have to stay here for another nine months to finish my course in business studies."

Ellen Verluis, who moved to condon from France two years ago, sau if there were further attacks she might consider returning to France.

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Downing St insists that peace talks can continue

By Robert Peston, Robert Shrimsley and John Kampfner

Downing Street was last night insisting that the Northern ireland peace process could be salvaged from the wreckage of the IRA's bomhing of South Quay in London's Docklands. Following a weekend of tele-phone diplomacy with Mr John Bruton, the Irish premier, and Mr Bill Clinton, the US president, Mr Major will today say that there will be no further ministerial contact with Simm Féin, unless the IRA announces a further ceasefire. He will also reiterate his belief that elections in North-ern Ireland represent the government's preferred route towards all-party talks on a Northern Ireland settlement, in the absence of the decommissioning of arms by paramilitary groups, However, Mr Major's "place in history", as the British poli-tician who ended 25 years of strife in Northern Ireland,

appears to be in jeopardy. Mr Major is angered by Irish nationalist allegations that he is responsible for the breakdown in the peace process by

raising "hurdles" to all-party dded; "i think talks. He will reiterate today t the universal that it was the British governconstrument to ment which initiated the peace is about to be process. Combined Loy-"It could not have happened cournand is not at all, unless we had started cil next Thurs lt," said one of his close coly that is a good

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leagues. He has been hampered every step of the way, however, by the threat that if he were seen to be conceding too much to the nationalists, he would have faced civil war in the parliamentary party and ministerial

resignations. "I do not expect him to give any ground [to Sinn Fein] in his statement today," said a senior member of the government. If that was the case, he said, the parliamentary party would be "wholly supportive".

but not necessarily otherwise. Mr Bruton, who in recent months has expressed frustraa serious mistake," he said. Mr Bruton said he would press ahead with his government's proposals last week for a Bosnia-style conference, in which all parties would be urged to be in the same building but not necessarily in the same room

But Mr Bruton's credibility, which had always been low among republicans, has been dented by the resumption of violence, like Mr Major's.

From the outset Mr Major'a room for manouevre in the peace process has been limited by Tory Jeremiahs who resented the way the IRA had stopped short of a full renunciation of violence.

With most of the party at least a pale shade of orange there were many who doubted that true progress could be achieved between two so thoroughly entrenched camps.

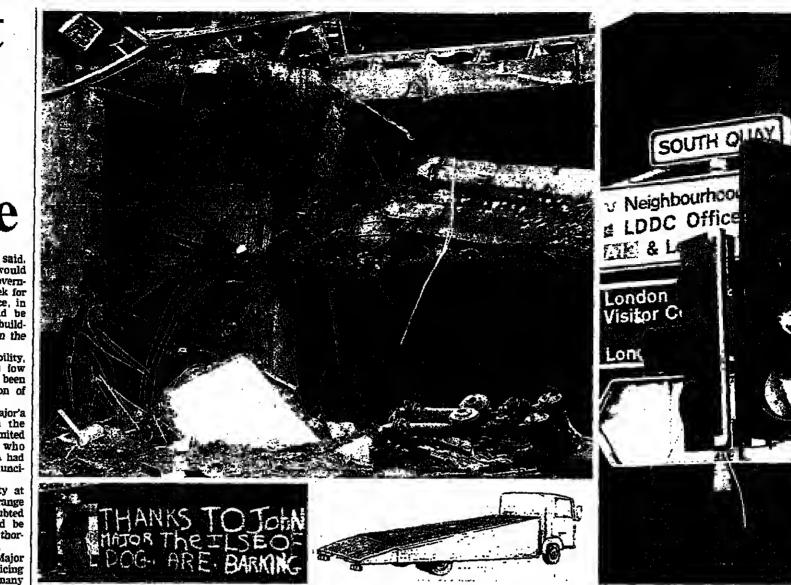
Even in the cabinet Mr Major found senior ministers voicing doubts about offering too many concessions to Sinn Féin. Preeminent among them were Lord Cranhorne, leader of the Lords, and Mr Michael Howard, the home secretary. There have been persistent

rumours that Lord Cranborne, who organised Mr Major's campaign to be re-elected party leader last summer, was contemplating resignation if he perceived that the government was giving too much away to Sinn Fein in the peace process. Senior Tory backbenchers

said yesterday that the bomb would bring an effective end to the peace process in its current form. One of the few Tories who has consistently advocated involving Sinn Féin in all-party

peace talks described the prime minister as "a prisocer of the 20 or so hardline unionists within the party who won't move unless David Trimble [the Ulster Unionist leader] says it is okay to do so," said the backbencher.

A number of the most committed unionists were also yescan agenda,' terday making clear that they believed the bomb had ended the current peace process. In large measure these MPs are among the rightwing sceptic fringe which has caused the prime minister so much difficulty over Europe. Mr Nicholas Budgen, a leading Tory unionist, said yesterday that he "didn't see how" the government could continue to deal with Sinn Fein. Mr Neil Hamilton, another leading unionist, said that he doubted Mr Major would want to show flexibility even if he could.



UK NEWS: NORTHERN IRELAND PEACE CRISIS

Impact: severe damage was caused to the Docklands building targeted by the terrorists (top left) and extended to surrounding streets (top right). Police investigating the bomb attack have issued a sketch of a suspect vehicle in an appeal to the public for information, while in Belfast new graffiti made a pointed contribution

Newspapers redraw the battle lines

orthern Ireland news-papers, like so many aspects of life in the province, are divided into unionlst and nationalist

camps, "IRA Kills The Peace" said the banner headline in the News Letter, the newspaper of the majority Unionist community. Most people were caught off guard by the IRA's devastating London bomb. Not the

News Letter. "It is a development which will hardly surprise those who had enough wit to realise that the IRA ceasefire of August 31 1994 was nothing more than a ploy by the Provo High Command to wring major political concessions from the government for the narrow republi-



clearly aligning themselves about what was seen as the with these forces of evil." The Sunday Life, which also unwillingness of the British government to grasp the opportunity for progress offered by reflects unionist opinion, says that in the split second it took the IRA ceasefire. to detonate the London bomh,

It says that talking to Mr Northern Ireland was once Adams still offers the best again put on a war footing. chance of peace and warns of "The police are back in flak jackets, with rifles at the ready, double patrolling has the dangers of any British attempt to drive a wedge between him and the IRA. been reintroduced and vehicle

"Mr Adams remains the man checkpoints are springing up most likely to bring the IRA away from violence and into The Sunday Lifa warns that the democratic process" says if the British government con-tinues talking to Mr Gerry the Irish News, It says Mr Major's call for Mr Adams to Adams, the leader of Sinn condemn events in London was understandable, but naive. The Irish News also contemplates the dire consequences the London bomh could have on the fragile economic revival in Northern Ireland. It points out that only a week ago Mr Adams was in the US, banging the drum for American investment in the province. "Even with peace, Northern Ireland was never at the top of the investors' agenda. However, it was at least part of the equation. The return to the bomh could signal a depressing

Martyn Turner's view in Saturday's Irish Times

north's economy may never ed-about person in the Irish papers. The Irish Times fully recover." The theme is taken up south of the border by the Irish Independent. It Sinn Fein and Mr Adams were the White House on Friday bewildered by the IRA action. that the IRA ceasefire was at The paper quotes an IRA conan end. But there was no hard says that early expressions of interest from foreign investors tact who said that Mr Major's evidence that the US had lost had tailed off in recent weeks proposal for elections in the confidence in Mr Adams as a as a return to violence loomed. north was the final straw for negotiator, nor that any sanc-The paper gives a bleak the group's rank and file. tions were being contemplated assessment of the mood in the The Sunday Tribune, against Sinn Féin. another Dublin paper, says that if the Sinn Fein leader UK diplomats said that even aftermath of Friday's bomb. "We have violence back again in our midst. It will affect all of if Mr Adams were now viewed by the US edministration as fails to find a way out of the us. It removes, in a permanent political mess the IRA has credamaged goods", he may yet and distressing way, all initiaated for him, he is "a candidate have a role in getting the tives leading to a peace in the for history's scrapheap". ceasefire back in place. If he could not help in this respect, they said, he would be reduced future."

CLINTON **US puts** focus on restoring ceasefire

The US was embarking on intensive transatlantic negotiations yesterday to try to rescue the Northern Ireland peace process, focusing principally on a restoration of the cease fire broken hy the IRA on Fri-

A White House official said that President Bill Clinton might take part in today's planned White House sess with Mr David Trimble, the leader of the Ulster Unionist party. UK diplomats were convinced that he would take part, after a similar courtesy had been shown to Mr Gerry Adams, the President of Sinn

Féin, 10 days ago. But the official said that he was unaware of any immediate plans to send either Mr Anthony Lake, the national security adviser, or Ms Nancy Soderberg, his deputy, to London or Dublin.

Mr George Mitchell, the former US senator who headed the international panel on arms decommissioning in Northern Ireland, is due to return to London next week, but hoth US and UK officials noted that this was a previ-

ously scheduled trip. Mr Clinton underlined his personal concern in two public statements on Saturday, first on the White House lawn and later in the course of a campaign speech in Iowa.

Recognising the threat to what has been portrayed here as one of his most successful foreign policy initiatives, the president said: "I am determined to do all that I can to ensure that the enemies of peace do not succeed."

White House officials conceded that Friday's events left them in a state of shock. One, intimately involved with the negotiations, said she felt "sick, it was horrible".

There is also considerable concern about the apparent deterioration of relations between the British and Irish governments at the weekend, particularly after the president spoke to both prime ministers on Friday night.

Mr Lake and Ms Soderberg spent much of Saturday on the telephone, including calls to Mr Adams, who had first told

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mons of the matter was a mistake," Mr Bruton said. He urged Mr Major to drop the plan. "I belleve the idea of having an election of the kind snggested immediately after the resumption of violence would pour petrol on the flames. I think it would be

Fein, Unionists might retaliate. "Northern Ireland does not The News Letter says the government cannot allow itself want a return to war. But its to be intimidated by what it citizens will not bend the koee describes as IRA hlackmail. It to those who would wage war says those who carried out the or their politicians who cannot hombing are totally unreprehring themselves to issue a simple condemnation of such sentative not only of people in Northern Ireland but of those naked aggression." on the whole island.

The Irish News, which is "They have absolutely no aligned to the nationalist commandate to commit murder munity, takes a very different and mayhem and those who stance. While the newspaper conwould try to make excuses for their actions by attacking the

everywhere."

demns the bombing, it goes on government for refusing to to talk of the growing sense of bow to naked aggression are resentment among nationalists

Mr Adams is the most talkdownturn from which the

Kieran Cooke to a marginal role.

BOMB SITE VISIT - By Scheherazade Daneshkhu **Blasted building frames a view of West India Dock waters**

It used to be a nondescript London junction, like thousands of others. Now it is a 14-foot-wide crater, filled with twisted metal and hroken masonry. It was, aaid Mr John Grieve, the commander of the antiterrorist branch of the Metropolitan Police, amazing that more people were not killed by Friday's bomb. Looking at the damage, it was difficult not to agree.

Every single window of the tall buildings surrounding South Quay mall and newsagents. Offices belong-Plaza, where the IRA's bomh ing to Midland Bank, opposite South

have been hlown out. The explosion, powerful enough to expose the frame of the building, left hundreds of shards of broken blue glass hanging from the shattered window frames. Gazing through, it was possible to see the grey waters of West India Dock.

A concrete structure a few feet no paramedics. no helicopters. away from the crater was unrecog-The bomb exploded in a blue flataway from the crater was unrecog-nisable. It used to be a shopping mall and newsagents. Offices belong-

tated. Metal and rubble littered the area and the frosted glass of South Quay Station lay thick on the ground like fresh soow. Over the devastation hung a blanket of thought to have been between 500lbs silence. In sharp contrast to the frantic activity after the explosion on Friday night, there were no sirens,

back lorry parked on Marsh Wall next to a slip road into South Quay Plaza. It was impossible to identify

with dehris, Mr Grieve said the crater was so deep that no one bad yet fathomed the bottom and there was a lot of water in it. The bomb. and 1.000 lbs, runtured the gas mains and kept police out of the area for six hours until repairs were made.

Both ends of Marsh Wall were curdoned off hy police, their luminous lime-green jackets signalling a barrier to entry. A few people working in offices further away from the full

through. Most offices, however, bore some scars of damage. of its glazing, and decoration and required "considerable refurbish-

Amazingly the Docklands Light Railway viaduct was still standing even though the bomb exploded almost directly underneath it. Wiring and construction materials hung

from the structure. Docklands Light Railway said a preliminary inspection showed that the station and structure were funon a Ford cargo chassis and was damentally sound although some repairs would have to be made to the manufactured in 1985. Its number plates - C292 GWG - were false.

exploded on Friday, appeared to Quay Plaza, were similarly devas- the slip road, which was covered force of the hlast were allowed viaduct. The station itself lost most ment". There were no trains running south of Canary Wharf yesterday, but trains were operating on the

That theme was taken up last week by Mr Dick Spring, the Irisb foreign minister, who said in Washington that "elecnorthern leg. Docklands Light Railway said there would be no services until the weekend at the earliest. The police appealed for information about the lorry, probably based

tions in Northern Ireland have, by their nature, been divisive. leading to polarisation, winners and losers."

Nor would officials voice any

public criticism of British poli-

cies over the past month. Sup-porters of the Irish nationalist

canse in the US Congress,

including Mr Ben Gilman,

chairman of the house interna-

tional relations committee.

have urged Mr Major to drop

his proposal for elections prior

to all-party talks and to pro-ceed instead directly to the

oegotiating table.

Jurek Martin

Dublin and London must stick together and prepare for the worst

Richard Needham, a former Northern Ireland minister, in a personal view, says that a rapid crackdown on the IRA will allow the economic path to peace to continue

The IRA controls Sinn Fein in the same way that Mussolini's Black Shirts controlled the fascists. Once again that stark message came through loud and clear on Friday night. What happened in the Dock-

lands was truly dreadful. It could signpost an end to hope for the foreseeable future. It was dreadful for those maimed and wounded, dreadful for the image of the City of London, dreadful for John Major, John Bruton and, of course, Bill Clinton. Above all simply dreadful for the people of Northern Ireland. Fear now once again stalks the ghettos of west Belfast, fear of what will happen next.

Whatever else, this is not a time for recrimination between politicians. They must stick together. Everyone has done their best within the polltical possibilities to bring the terrorists in from the cold. The fact that the IRA have decided othervice has more to do with their own perverted judgments a de a froi moned fo de intro rears 200 de urther attains de etticning to france than any failure of political tactics or strategy in Dublin

and London. So the two gov- gain." The IRA came to the ish mainland succeeds in forc- ger a bigger sectarian backlash process will start again.

ernments must now hang together and prepare for the worst.

who were against the peace

process from the start have

won the argument. "One fur-

ther great violent push against

the British," they argue, "will

force Britain out, leave the

peace process, as they saw it, not as supplicants who were losing hut as equal partners with as much right through One of the first priorities the power of the bullet to must be to make sure that the decide Ulster's future as those Federal Bureau of Investigawho were elected. tion immediately collects the If Sinn Féin's leadership now money raised in the US by IRA sympathisers over the past 18

claim they suspected nothing of the IRA's intentions that is months. Otherwise this could because they did not want to turn into a massive treasure know. It is stretching the imagtrove for funding the IRA and inction to breaking point to helieve that Martin McGuinsupplying their active service units with yet more weaponry. ness and Gerry Adams, both We must also not be guilty of former commanders of the wishful thinking. This is a can do nothing but underpin IRA, were not aware of the return to violence by the IRA, decision for a further blitzthe position of the prime minisnot e splinter group or a faction, but by the movement. It krieg. ter. has come about because those

From Adams' perspective, If the IRA expand their camlast Friday's hombing has paign so the retaliction will three benefits. Firstly, It avoids also start again. The Protesschism from which would tant paramilitaries will not come a hitter internal war have forgotten that the main where his own life would be reason for the ceasefire was very much in denger. their indiscriminate campaign norce private out, leave and Secondly, if an escalating cam- of sectarian murders. And a have to hold fast knowing that grates, so, given peace, can the of accommodating the defenceless and willing to bar- paign of hombing on the Brit- renewal of violence may trig- sooner or later the peace culture of ireland. So perhaps and live in harmony.

ing John Major into making even worse - on the streets of Northern Ireland. concessions, the IRA will have Nor can Dublin expect this been vindicated and remain united. Thirdly, if the camtime to remain immune if the violence on the British mainpaign fails, Adams can return land escalates to the towns and to the political forum with his

internal position strengthened. cities of Ulster. This is an appalling prospect as the IRA entirely misreads the position. There is no conceivable chance of the British government wavering. The more the bombs, the more the British people will stiffen their resolve. And politically an intensified bombing offensive

So what to do? At this stage prepare determinedly for the worst, Cross-border security will have to work hard at every level to catch those who have spent the past 18 months

preparing for a return to hostilities. The measures that were in place before the ceasefire will have to be reintroduced and quickly. The US, Britain and the Irish

Republic must be persuaded now to cut off all contact with Adams until Sinn Féin condemns violence and the IRA returns to the ceasefire. They are pariahs and must be treated as such. We will all

These past few unbelievable months of economic regeneration have shown us what the solution can bring. Irish cars and Irish shoppers hy the thousand are on the streets of Belfast. Derry has become the economic centre of the north-west as more thousands flock from Donegal to live in a city regenerated by outside investment

and increasing self-belief. The electricity networks are now criss-crossing the border, reducing the prices and strengthening the supply chain. Millions of pounds of investment have come to Ulster from the US. Europe and the Far East since the shooting stopped. Jobs have been found

for idle, mischievous hands. Southerners are investing in the North and vice versa. There are clear signs that as the economy of Ireland intel believe - and the people of Ireland will come to see - that Adams and McGuinness have done more to destroy the opportunity of a united Ireland than any two men in history. By endorsing and organising violence against the loyalist people - and indeed their own folk - they have obliterated any chance of bringing the two sides of Ireland together and the longer violence continues the longer any chance of unity will disappear into the future.

My family come from the Anglo-Irish tradition and I spent six and a half years as a minister responsible with others for rebuilding the Northern Ireland economy and the bombed towns and cities. Even before the ceasefire the conditions in Belfast, Londonderry, Newry, Armagh and Enniskillen, to name but some, have changed unalterably for the better. That progress will continue. That is tha economic path to peace. It is the only path which makes any sense. One day even the men of violence will be forced to see that



Richard Needham: all contact

in their own time the people of

the North, living free from

fear, will forgive and find ways

of accommodating the South

with Adams must he cut off

NEWS: UK

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Managers buy anti-virus software company

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By Richard Gourlay in London

The busband and wife who developed the Dr Solomon's Anti-Virus Toolkit software package have sold their company to a management buyout. S&S International has annual sales of £20m (\$30.8m) and sells the Toolkit in more than 60 countries.

Mr Alan Solomon and his wife, Susan would not say how much they received for the company. The buy-out, funded by a syndicate of venture capitalists led by Apax Partners, places the Solomons among

Philips wins five-year systems contract from ICI Philips, the Dutch electronics group, has been awarded a £75m (\$115.5m) five-year outsourcing contract by ICI to run the chemical group's computer systems, Michael Dempsey writes. The contract, which Involves taking on 399 staff, will be managed by Origin, an organisa-tion formed by Philips by to handle its outsourcing operations. Origin beat EDS and CSC, the

Britain's most successful software entrepreneurs. Similar companies in the US, technology stocks.

such as McAfee Associates which makes one of the lead-

two leading US outsourcing companies, for the ICI deal. Other bidders included Sema, the Anglo/French group, and ICT's in-bouse IT department. Grundig, the German consumer electronics company, has also recruited Origin to run its IT operations. Under the latest deal Origin will take charge of ICT's mainframe com-puter centre at Runcorn in north-west England.

ing north American anti-virus chief executive Mr Geoff "The growth potential packages, are highly rated Geary. is worldwide, hut clearly the S&S International hopes to US market is the largest expand further in the US under software market in the world,

part-time during the day while looking after a baby. and we have had some very encouraging initial success," he said. Mr Jim Pullen, direc-

Mr Solomon gave away the early versions of the anti-virus tor of Regent Associates. an IT software developed in the late 1980s having decided that viruses were not a threat. mergars and acquisitions consultancy, said Apax was

likely to have paid hetween \$20m and \$30m for S&S Inter-Viruses were like an urban legend in those days - no one had seen one but everyone had S&S International's first beard of them," Mr Solomon sales in 1984 were software packages which Mr Solomon said. Now there are 8,000 known viruses, and hundreds of new strains are discovered wrote in the evenings while working as an oil sector each month, be added. About analyst at stockbrokers Laing 300 were "a real threat".

Volume Share (%) Share (%) Change (%) Jan 95 Jan 94

He said that his wife Media Futures, Page 15 the products

Vehicle industries Impact of EU pollution rules and of moves into contract hire makes forecasting difficult

Uncertainty clouds truck market

By Haig Simonian. Motor Industry Correspondent

Manufacturers and importers of trucks are unsure about the likely progress of their businesses this year amid conflicting signals from customers.

They agree that 1995 was a good year in which demand picked up strongly, raising sales of commercial vehicles of all types by 9.8 per cent to 249,928 units. Sales of vehicles weighing more than 3.5 tounes rose by almost 17 per cent to 52,261 units - comfortably above the annual level of 50,000 vehicles which some manufacturers think is a long run equilibrium.

The picture for 1996 is more confusing. lveco-Ford, the UK's second biggest truckmaker, expects sales to remain huovant with an increase of up to 7 per cent to 56,000 units. "There has been a downturn in the rate of growth, hut no decline", says Mr Roger Phillips, its commercial director. "While there's no eupboria, there's no doom and gloom either. There's no sign we're about to slip back into recession".

By contrast, Mr David Gill, the chief executive of Leyland Daf, the UK market leader, says prospects are uncertain because hauliers fear that the economy will soften. He believes that the rate of growth in demand for new trucks slipped in the second balf of 1995, and fears that orders may now start to fall.

Mr Jürgen Knorpp, the UK

described as "very disappoint-ing" by the Retail Motor The used car market in Britain will increase by nearly 1m vehicles a year by the end of Industry Federation, which the decade, says Market Facts represents most of the counand Business Information, the try's franchised dealers. firm of analysts. The firm also concludes that the market will The analysis warns that carmakers, driven by the provide dealers with better short-term need to keep proprofitability than new cars. duction lines busy, are preju-dicing their own well-being MFBI forecasts that used car sales through the retail motor trade will rise by 16 per cent

through what it says is the virtually "programmed" man-ufacture of nearly-new cars. between 1995 and 2000 from 5.6m vehicles worth £17bn These are vehicles which are (\$26.2bn) to 6.5m vehicles pre-registered by dealers in the absence of bayers and declared to be "demonstraworth £22bn. The study comcides with statistics from the Society of Motor Manufacturtors", or used for a token period before being returned ers and Traders sbnwing virtually stagnant sales of new cars to the marketplace as "used" in Jannary, a situation cars.

managing director of MAN affect demand in the cut throat Truck and Bus, is also cauroad transport business, in tious. "We expect the market which about 60 per cent of to be at best stable, and possicompanies are highly pricesensitive medium-to-large bly to fall by as much as 5 per cent this year," he says. Most executives admit that operators.

Some manufacturers think forecasting has become more difficult. Mr Gill says sales the new EU rules could simply boost demand. The EU stanmight still exceed last year's if dard introduced In 1993 trigcustomers hrought forward gered higher sales as hauliers orders before the introduction bought more modern vehicles of less polluting but more which offered lower emissions expensive trucks in October. and better fuel economy.

The second imponderable The impact of European Union emission legislation is concerns the growing number of truckmakers establishing one of two imponderables faccontract hire offshoots. Con-Ing the market. The new rules will oblige manufacturers to fit tract hire has gained popularity as bauliers bave sought to cleaner but more expensive engines. The 5 per cent rise in offset the cost of a new vehicle prices which is expected to by spreading their expenditure result seems modest. But haulover time, Most deals include iers believe it will be enough to an agreed trade-in price for the

truck and even all-inclusive maintenance arrangements, giving operators almost com plete control over their operating expenses. "Contract hire means an operator is buying kilometres, not trucks," say one executive.

Mercedes-Benz and Volvo already have contract hire divisions, lveco-Ford is about to take the plunge, while Scania has started marketing its established operation more aggressively of late.

It is unclear how internal contract hire divisions will affect relationships between truckmakers and importers on one side and big contract hire customers such as Ryder and British Road Services on the other. Such specialists account for up to half of demand for some truck companies, one

executive believes. Mr Gill says Leyland Daf bas no plans to enter the husiness, mainly because contract hire companies are its biggest cus-

"We're not looking to com-pete with the contract hire specialists", says an lveco-Ford official. "But as they focus more on fleet management and logistics, such as running the entire distribution fleet for a leading retailer, we can plck up contract hire business for smaller operators.

Whether diversification into contract hire will boost truck demand remains uncertain. But it should lead to some reallocation of business between customers.

Trucks (over 3.5 tonnes)				
Total	4,248	+1.1	100.0	100.0
Imports	2.645	+4.3	62.3	60.4
heco group"(Flat)	610	+9.5	19.1	17.6
Mercedes-Benz (Daimler-Eenz)	807	+1.5	19.0	18.9
Leyland Dat (Dat Trucks)	700	-19.2	16.5	20.6
Scania (Investor)	522	-42.7	14.6	10.4
Valvo	557	.12.3	13.1	15.1
ERF	218	+3.3	5.1	5.0
MAN	202	-29.5	4.8	3.7
Renaut	142	-15.0	3.3 -	4.0
Of which Heavy Tracks (over 15 1 Total Scaniz (Investor) Volvo Leyland Daf (Daf Trucks) Marcedes-Benz, (Daimter-Benz)	tonnes) 2,812 622 526 386 352	- 3.42 42.7 -8.1 -16.5 -0.9	100.0 22.1 18.7 13.7 12.5	100.0 16.0 21.0 17.0 13.1
tveco group" (Fiat)	344	+19.0	12.2	10.6
ERF	218	-3.3	7.6	7.8
MAN	125	+30.2	4.5	3.5
Renautt	95	-18.1	3.4	4.3

Truck registrations in January 1996

inemes in brackets indicate ownership) includes lyaco Ford and Seddon Alkinson.

Volkswagen and Flat gain In car market

		January 1996		Jan '95
REGISTRATIONS OF NEW CARS	Volume	Change%	Share%	Share%
Total market	191,761	0.3	100.0	100.0
UK produced	75,029	-4.5	39.3	41.1
mports	116,732	-3.7	60,9	58.9
Japanese makes	23,205	+7.3	12.1	11.3
Ford group	42,903	-3.4	22.4	23.3
- Ford	41,837	-0.9	21.6	22,6
- Jaguar	1,065	-8,1	0.6	0.6
General Motors	29,333	-12.8	15.3	17.2
- Vauxhall	27,957	-12.0	14.6	16,6
- Sasb*	1,376	+23.9	0,7	D,6
BMW group	25,794	-3.0	13.5	13.9
- BMW	5,018	-19.2	2.6	3.3
- Rover*	20,776	+1.9	10.8	10.7
Peugeot group	24,516	-3.3	12.8	13.3
- Peugeot	14,708	+1.6	7.7	7.6
- Citroen	9,808	-9.9	5.1	5.7
Volkswagen group	14,902	+35.0	7.8	7.8
- Volkswagen	9,249	+27.1	4.8	3.8
- Audi	3,449	+64.9	1.8	1.1
- SEAT	1,550	+283.9	0.6	0.3
- Skoda†	654	-41.6	0.3	0.6
Renault	11,695	-2.9	6.1	6.3
Nissan	7,477	-4.9	3.9	4.1
Flat group	7,155	+21.7	3.7	3.1
- Fiat	6,868	+20.3	3.6	3.0
- Alta Romeo	287	+72.9	0.2	0.1
Honda	5,315	+8.0	2.8	2.8
Toyota	5,146	+21.6	2.7	22

UK NEWS DIGEST **Pensions** lawyers switch firms

Sacker & Partners, a specialist pensions law firm, has recruited tha entire pensions department of rival firm Nicholson Graham & Jones. The move will make Sacker, which will have 12 partners and 20 lawyers, the biggest specialist pensions practice in Britain.

The four pariners and four other lawyers recruited from NG&J accounted for about 8 per cent of the firm's income. The move is indicative of intense competition between law firms, and the poaching of teams of specialists is becoming increas-ingly common. The team at NG&J had a high profile in the industry. Its department head, Mr Ian Pittaway, is a former chairman of the Association of Pensions Lawyers. He was also the lawyer for the Mirror Group Newspapers pension scheme before the death of publishing tycoon and Mirror owner Robert Maxwell.

The move reflects the growing demand for specialist legal advice on pensions since the passage of an act which takes effect in April. The act formalises the fiduciary duties of trustees, and increasingly schemes are seeking legal advice. from solicitors who do not already advise the employer. Mr Michael Johns, managing partner at NG&J, said the departure of its pensions team had been "an amicable arrangement". Under the agreement NG&J will receive a payment from Sacker and will refer its own clients there. It will transfer to Sacker the share capital of Independent Trustee, a company built up by NG&J to provide independent trustee services to clients. After the departures, NG&J, which specialises in corporate and property law, will employ 110 lawyers, 41 of whom are partners. Norma Cohen, London

MPs make sell-off demand

MPs are likely to call for the country's newest power station Sizewell B on the east coast of England, to be excluded from this summer's planned privatisation of British Energy. The trade and industry committee of the House of Commons likely to urge the government to withdraw Sizewell B from its plans. The main argument for this is that, with the Treasury estimating the net profit from the sale at about £2.6bn (\$4.0bn) the entire privatisation could raise less than the £2.7bn it cost to build Sizewell B.

Such a move would be a serious blow to the sell-off as Sizewell B is the most modern of the eight reactors under the hammer. Privatisation is already in serious doubt because of the government's failure to resolve the issue of who should bear the decommissioning costs of the reactors. One committee member said: "We feel that Sizewell is actually going rather well, and that given another six months or a year it could raise more money for the government. It seems silly to rush to sell an asset which is appreciating in value at a knockdown price." Robert Shrimsley, Westminster

Network service expands

Torch Telecom, a joint venture between Yorkshire Electricity and Kingston Communications, will today announce new customers for its advanced intelligent network service, including one of the biggest deals of its kind in Britain. The effect will be to increase revenues more than fourfold. This year, its first in full commercial operations, Torch had turnover of about £3m (\$4.6m). It expects turnover of at least £14m next year.

It has signed a contract worth about £40m over five years with Interactive Media Services, the UK's biggest automated call handler, which records and answers more than 50m calls a year on behalf of customers including leading advertisers and media owners. Torcb won the IMS contract in competition with British Telecommunications and Mercury. It will provide IMS with 600 additional interactive voice processing systems, giving the call handler 2,400 fully automated lines.

Alan Cane, Industrial Staff

Daewoo opening in N Ireland

Daewoo, the South Korean carmaker, is to open its first wholly owned showroom in Northern Ireland in April. The move to set up a retailing network in the region follows Daewoo's successful introduction in mainland Britain. It has become the fastest-growing car brand on record since sales began lag April through a network of wholly owned sbowrooms and or narts and service Moorly 15 000 cm were sold in the first nine months of Daewoo's operations. That was despite motor trade predictions that the company would be handlcapped by not taking the conventional approach to car sales through a network of independent dealers. The first Northern Ireland outlet is to be in Belfast, with others expected to follow.





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21 0.8 Korean makes 274.0 " GM holds 50% of Saab

Source: Society of Motor Menufacturers and Touchus

Japanese companies in Britain.

Profits from \$30bn investments lag behind expectations

By Peter Montagnon, Asia Editor

Japanese companies are generally disappointed with the profitability of their investments in Britain, which now total over \$30bn, says a survey by KPMG, the accountancy

firm. **KPMG** said a survey of 70 top Japanese industrial companies found that none thought their profits were high, while 40 per cent said they were average and 53 per cent said they faced low profits or losses. Profits failed to live up to expectations because European

economies went into reverse instead of booming as the sin-gle market came into force in 1992, the KPMG survey showed In addition, the value of the yen soared, putting pressure on the cost of imported components. Heavy competition dented margins, especially in

areas such as consumer elec-tronics in which Japanese com-panies specialise. "Japanese companies were under a lot of pressure in the 1980s, given the worries about

Fortress Europe in the run-np to the single market," said Mr Crispin O'Brien of KPMG. There was a lot of me-too investment, but it wasn't really thought out." There was no question of Japanese companies pulling out of the UK, he added. More investment might flow in as component suppliers established plants. Bnt Japanese companies were having to rethink their approach to management, marketing and ser-

vice in order to increase their

"Japanese suppliers must learn to go in and and negotiate hard-nosed with Sir Stanley Kalms [chairman of the Dixons electrical goods store chain] and come out with a decent margin," said one former Japanese company executive.

Whereas Japanese companies have mastered the art of cbeap production, they now realise they cannot compete on price alone, especially since tbey face competition from more recent investors in Europe such as South Korea.

Nearly 70 per cent of the companies polled said they were looking at ways to improve their overall competitiveness. There was also a need for more streamlined European structures along the lines of Toyota's regional headquarters in Brussels and Honda's centralised treasury operation In London. That would belp to avoid duplication of administrative support and would facilitate quick local decisiontaking without cumbersome

referral to Tokyo. Some executives say Japanese companies are wrong to expect too quick a return, however. Many are starting from scratch and face large initial depreciation charges on assets such as land and buildings. "In the motor industry we all face a long-term payback," said Mr Ian Gibson, managing director of Nissan's UK operations. "With today's margins and the need to grow a distribution network, the price of entry to the market is very high." "Companies which manufacture and distribute an expensive, sophisticated product

need 10 years to evolve a European structure," he added.

John Griffiths, Industrial Staff

Accountancy firm expands

Price Waterhouse, the "Big Six" accountancy firm, is to help establish a stand-alone legal firm. It will probably be placed in-house but will be independent of the accountancy firm and ahle to accept its own clients. The move is designed to fill a gap in PW's European wide network of associated legal firms. The firm is to be headed by Chris Arheim from the Leeds-based firm of Hammond Suddard. Stand-alone firms can pro-vide a wide range of services to PW's clients without follow vide a wide range of services to PW's clients without falling foul of Law Society rules which restrict in house lawyers. PW is the second "Big Six" firm to take the route - Arthur Andersen also has an associated law firm.

Jim Kelly. Accountancy Correspondent

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Driver gives up: Mr Keith Murray, a publisher from Aberdeen in Scotland, announced that he was giving up driving after failing his test 35 times in 10 years. The tests and his 1,450 lessons have cost £9,000 (\$13,860). "I'm a nervous person at the best of times, and I just couldn't handle doing my test with someone sitting beside me watching my every move," he said.





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THIS WEEK

Passionate about culture – sometimes

tragedies happen, a wave of sympa-thy is quickly generated and then fanned enthusiastically by the media, as though there is competition to show the greatest concern. But pretty soon attention is diverted and the sympathy evaporates as quickly as it materialised. It will be interesting, therefore, to observe the staying power of the sympathy and attention given to Venice as a result of the fire which gutted the city's historic La Fenice opera house. Nearly two weeks have passed since the disastrous fire which left only the shell of the

ympathy seems to be an especially fickle emotion in Italy. When great disasters and

10

200-year-old opera house standing. Venice enjoys a special place in the Italian cultural pantheon, and the opera house was redolent with famous operatic asaociations. Venice also possesses an energetic and charismatic mayor in the form of philosopher-politician Massimo Cacciari. As a result, there is great interest in the fate of the Fenice. Several newspapers have set up special collection funds and writers have started to discuss the logistics

listair Defriez's appointment

A as the next director-general of the UK's Takeover Panel

caused some surprise in the City of

London last week. "Its extraordi-

nary - they've given the job to

someone with a sense of humour,

joked a colleague. A popular choice for what is one

of the City's top jobs, Defriez has been a member of the corporate

finance department of what is now

"He is not the suave, old-style

City type you might expect in the

job and be doesn't take life too seri-ously. But he is actually much more

representative of the modern City,"

Michael Tory, a former colleague

at Warburg who recently moved to

Morgan Stanley, describes it as an "Inspired" appointment. "Alistair balances intellect with iconoclasm

in a way that will be beneficial to

The City is proud of the panel, an

independent body which oversees

the conduct of takeover bids. It is

the one arm of the City's system of

self-regulation which is generally judged to work well. By tradition,

the director-general is an active

merchant banker who takes a two-

Unlike some directors-general,

who, by the nature of their senior-

ity, have become somewbat

ness of bids, Defriez, 44, has stayed

He has been involved in a number

in the thick of tt.

divorced from the day to-day busi-

year secondment from his firm.

the panel and to City practice."

says a fellow investment banker.

SBC Warburg for 16 years,

of rebuilding the building in two years. The government says it is willing to waive the procedure requiring 34 signatures for each document concerning the reconstruction of an historical monument in an historic city centre. The president of the republic has even made a special visit to the site. Fund raising concerts are being planned and more money is likely to be collected as the Venice carnival gets under way this week.

Yet precisely because Venice can ask for and receive special treatment, the Fenice fire has drawn attention to other less fortunate cases. These include the Petruzelli opera house fire of October 1991. News of this fire has long been off the country's front pages, even though it destroyed the complete interior of the opera house, built in 1898 in Bari, southern Italy, and one of the most important opera houses in sonthern Europe.

Promises of a quick reconstruc-

Outsider from the trenches

DATELINE

Rome: Italians can be surprisingly fickle when it comes to salvaging and maintaining the country's

heritage, reports Robert Graham

tion were made at the time, as reports emphasised the theatre's importance to soothern culture. Yet nothing has been done. The Petruzelli, one of only a few private opera houses, stands as a disused sheli. The story behind the fire is a

sordid one. After an extensive police investigation, and an under-

world tip-off that the fire was delib-erately started, Fernando Pinto, the opera house manager, was arrested in July 1993 for alleged arson. It was discovered that the proprietors, the Messeni Nemagna family, were to sell the ruined theatre to the local authorities for an agreed.

cheap price. A costly reconstruction (out of public funds) was then to follow, providing the opportunity for a con-tract to be awarded to firms that were almost certainly linked to the mafia

Pinto successfully challenged the initial case against him. But subsequent investigations led to the arrest of two others who were then accused of being directly responsi-ble for starting the fire.

This week Pinto is expected to appear before a Bari court charged with having provoked the fire to profit from the reconstruction.

Meanwhile, the status of the

you are out of the game. But it is a

great honour and it is one of those

observers who queshion whether the

invitation should have been made

to a higher-profile figure. They

argue that the next two years will

see a serious challenge to the sys-

What the City needs is a heavy

wrong," says one senior investment

issue to which he expects to give

considerable time, together with the

panel's chairman, Sir David Calcutt.

see greater harmonisation across

Europe but not at the expense of

our non-statutory system." In general, Defriez believes the

panel is working well, and he scru-

pulously avoids criticism of his pre-

decessors. But other bankers

believe there is scope for the panel's

operations to be tightened up.

"Over the last few years, the panel

has begun to lose touch with the

operators, and in some areas it has

become ossified," says one. "Defriez

will stress the importance of a

speedy response - lika a good foot-

Defriez, the son of a City fund

manager, was educated at Dulwich

College in south London and Uni-

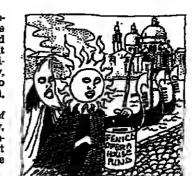
"In some respects, one would like to

Defriez agrees it is an important

banker.

ball referee.

invitations yoo cannot refuse." While his appointment has been well received, there are some



etors still plan to sell the theatre. but require permission from the municiplity for a change of use for the building.

The matter is complicated by the original land concession which will be up for renegotition in three years' time. While the municipality will buy the theatre, there is a discrepancy hetween what the

mayor and councillors think the Petruzelli is worth in its pres-ent state, and what the owners are asking. Many believe that the municipality is dragging its feet until the land concession expires.

Like so many things in the south, the saga risks becoming more entangled and complex as time goes by. This has happened in the case of the Teatro Massimo, an enormous opera house which dominates central Palermo in Sicily and which has been closed for more than two decades while desultory repairs are carried out.

Reconstruction of the Petruzelli is also hampered by Bari's lack of international appeal and conse-quently its inability to maintain interest in its plight. Venice, on the other hand, has enormous appeal, as does Florence, illustrated when a wing of the Uffizi gallery was dam-aged by a mafia-planted car bomb in May 1993. Appeals for help were answered immediately.

profile and attracted government funds for city improvements. Antonio Bassolino, the city's mayor, helped put the funds to good use, re-establishing Naples on the tourist map and boosting its conference business.

However, away from the tourist trail and just beyond Naples city centre, decay continues. In the huge hinterland that stretches from Vesuvius to the coast beyond Poz-zuoli, neglect is all too obvious. Pozzuoli, rich in history, looks a

Equally, Naples, as host of the

G-7 summit in July 1994, lifted its

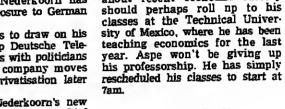
shadow of its former past. The coastline once boasted fine Roman villas and its port still has the third largest surviving amphitheatre in Italy. Under 16th century Spanish rule, magnificent forts were built, and until the late 19th century a visit to the Solferata, the steaming sulphure volcano at Pozzuoli, was de rigueur for any European travel-ler in Italy.

To stem the decay, Pozzuoli somehow has to gain the attention and sympathy of the Italian public - a task for which there is a great deal of competition.

Meanwhile, those who want to

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Chrysler finds its its very own Warren Buffett

Chrysler may have succeeded in keeping Jerome York, an ally of dissident shareholder Kirk Kerkorian, off its board, writes Richard Waters in New York. But in John Neff, the famously outspoken mutual fund manager, it has just given a seat to someone whose presence in the boardroom is likely to prove equally as bracing.

Neff's arrival is part of a complex balancing of interests designed to bring peace to the US carmaker. The Kerkorian camp obviously approves; York says he was consulted about the Neff appointment before it was announced

Neff, who retired at the end of last year after 30 years managing the Windsor Fund, is one of the elder statesmen of the modern mutual fund era. Like Warren Buffett, the legendary investor, Neff turned the business of spotting undervalued stocks into an art form, averaging a return of more than 13 per cent over his three decades, against the S&P 500's return of around 10 per cent.

Now 64, Neff has created waves in Chrysler's boardroom before. Back in 1991, when he controlled 7 per

Alistair Defriez is a popular choice to head Takeover Panel, writes David Wighton



Petruzelli is in limbo. The propri-PEOPLE

> NAMES IN THE NEWS

tem of self-regulation, particularly from Brussels, which could threaten **Deutsche Telekom** decides it will the City's competitive position. go Dutch weight around which people will rally. It is a very important issue which we cannot afford to get

It takes some guts to hire a former chief executive of Fokker, the tronbled Dutch aircraft maker which has made headlines around the world in recent weeks, writes Michael Lindemann in Bonn. But that is exactly what Deutsche Telekom has just done.

Erik Jan Nederkoorn, the 53-yearold who started his professional career as an auditor at the accountancy firm Price Waternouse, last week assumed responsibility for all Deutsche Telekom's international activities, an area which will be of key importance to the company as it strives to become a global force in the rapidly changing telecoms market

It was Nederkoorn, Fokker's chief executive from 1991 to 1994, who negotiated the sale of Fokker to Germany's Daimler-Benz, a deal billed as a triumph for Europe's aerospace industry but which has ended in tears in recent weeks.

this year. skills. a politically

correct position

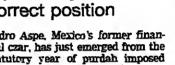
cial czar, has just emerged from the statutory year of purdah imposed on ex-civil servants to take up a senior position with the Monterreybased Pulsar group, writes Leslie Crawford in Mexico City.

lowing the financial crisis and corruption scandals that have hounded the former president.

while Salinas and his successor. Ernesto Zedillo, traded recriminations over the disastrous devaluation of the peso in December 1994.

Given Arke's German parent -and the earlier negotiations with Daimler-Benz - Nederkoorn has know what Aspe really thinks about recent economic history had plenty of exposure to German corporate life. indeed, he hopes to draw on his experience to help Deutsche Tele-kom in its dealings with politicians in Bonn, as the company moves towards partial privatisation later Ron Sommer, Nederkoorn's new boss and Deutsche Telekom's chief

Pedro Aspe opts for



Pedro Aspe, Mexico's former finan-

Aspe is perhaps the only member of Carlos Salinas's government whose reputation is still intact fol-

He studiously kept out of the fray

While the debate raged around him, Aspe kept silent, neither defending nor admitting mistakes in his handling of economic policy. While there had been speculation that he might become president of the Central Bank of Mexico or even take a job on Wall Street, Aspe has opted for a lower-profile assignment joining Pulsar's new investment bank as a partner and managing director. In a country where politics and business frequently mix with unsavoury results, Aspe appears to have chosen his new occupation with care. Pulsar, which has interests in insurance, textiles and cigarette manufacturing, is one of the few conglomerates in Mexico that did not get involved in the wave of acquisitions flowing from Aspe's privatisation programme.

executive, has yet to develop those

of high-profile, and troversial, battles, most recently defending Northern Electric against Trafalgar House and (unsuccessfully) Forte against Granada. In both cases, he made frequent appeals to the panel about the con-

duct of his opponents, in the Northern Electric bid, he challenged the controversial derivative contracts struck between Trafalgar and its advisers, Swiss Bank Corporation, which some viewed as breaking the spirit of the insider dealing regulations. After an

inquiry, SBC was cleared of breaking the takeover code, but the panel decided to review the rules.

The panel is widely expected to insists this will not cause a problem for him, "It would be wholly wrong to go into the position carrying over a legacy," he says.

The Northern bid was so hard fought that when, a matter of weeks later, Swiss Bank Corporation took

over Warburg, many thought Defriez's days at the firm would be numbered. Yet he was soon working with John Walker-Howarth, a conclude that no significant former director-general of the panel, changes are needed, but Defriez on Forte's defence, and SBC Warburg insiders deny that his prospects in the firm have been blighted. "He would not expect to make it to the very top but he is a very solid operator," says one. Defriez admits that the new job

Lybrand before joining Warburg. He proudly reveals be captained his college rugby team at Oxford where he was a nippy fly-half. Per-haps best described as stocky, he spends Sunday mornings coaching the under-12 rugby team in which his two sons play, and regularly works out in a City gym. But as he admits with a typically self-depre-cating chuckle: "Yon wouldn't has its downside. "For two years, think so to look at me."

versity College, Oxford. He spent Yet some analysts point out that five years at accountants Coopers & Nederkoorn has been vindicated following the recent disasters at Fokker. It was Nederkoorn, after all, who wanted to make more substantial cuis at Fokker in an effort to improve productivity. When that proved impossible he left, becoming chief executive of Arke, the Netherlands' blggest package tours and tourism group, owned partly by the Dutch aviation carrier KLM and partly by TUL Germany's biggest tourism group.

cent of the company, he publicly urged it to strip the legendary Lee Iacocca of his chairman's title and give it instead to Bob Lutz, the president. Chrysler met him half way, handing the crown instead to Bob Eaton.

As another big Chrysler shareholder said at the time: "If you own 7 per cent of the stock, I don't see why you can't express an opinion about it." That, no doubt, is a sentiment with which Kerkorian would sympathise.



Graduate glut forecast for 2001

Expanding educational opportunities in the UK look set to create as many losers as winners

Imagine the scene in five years' time. More than 800,000 frustrated eraduates scattered across Britain, unable to find jobs which make use of their hard-earned qualifications. A discouraging prospect for anyone

contemplating higher education. But is it really conceivable that Britain could have too many graduates in 2001? After all, politicians and economists never tire of warning us that we must improve our education system. The UK faces rapid technological change and competition from low-wage rivals overseas, they argue. So improving the quality of the workforce is the only way to safeguard jobs and incomes.

That may be true in the long term, but for now the British education system is churning out more highly qualified workers than employers need. The number of highly qualified people in Britain is expected to rise by 45 per cent during the 1990s, while the number of "suitable" jobs for them is set to increase only two-thirds as fast.

These gloomy predictions come courtesy of Roh Wilson at Warwick University. He would be the first to admit that long-term projections of demand and supply in the labour market should be taken with a hefty pinch of sait. But his work nonetheless provides a salutary reminder that expanding educational opportunities can create los-

ers as well as winners. During the 1980s employment of highly qualified people in Britain rose at a brisk 4 per cent a year, reaching 4.6m in 1991. Over the same period employment in the economy as a whole rose by only 0.7 per cent a year, reaching 26.3m.

(The highly qualified here include all university graduates and hold ers of equivalent professional qualifications, plus post-graduates and anyone with a qualification exceeding the "A"-level taken at age 18). The main reason for the rise in 1.5 graduate employment during the 1980s was a shift in demand towards managerial and profes-

Economics Notebook / Robert Chote

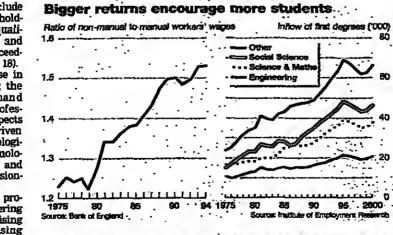
sional occupations. Wilson expects this to continue in the 1990s, driven by "organisational and technological change". Engineers, technolo-gists, computer programmers, and business and financial professionals will also be sought after.

But what about supply? The proportion of young people entering higher education has been rising for 30 years, reflecting rising incomes and easier access to col-lege. This trend is expected to continue or at worst flatten in the next few years. But with the number of 21-year-olds set to rise rapidly after 1998, this implies "a sharp increase in the numbers of those obtaining higher level qualifications in the next few years". With supply outstripping demand

on current trends, Wilson expects the workforce to contain 6.9m highly qualified people in 2001. But there will be only 6.1m high-level jobs available for them to do. So should we resign ourselves to

a dystopian society in which gangs of unemployed Oxford alumni gather in shopping malls, drinking meths and discussing Derrida? Probably not. As the surplus of highly educated people grows, supply and demand will respond. For example, a fall in the earnings pre-mium which the highly educated enjoy might simultaneoualy dis-

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courage people from entering higher education and make graduates more attractive to employ. in the US the education premium has risen rapidly in recent years. College graduates on average earned 74 per cent more than high school graduates in 1994, up from only 38 per cent more in 1979. A rising education premium also

shows up in the growing differen-tial between the pay of non-manual and manual workers in the UK. The surplus of highly qualified people may also be contained if demand for them grows more quickly than recent trends suggest. Technological progress and compe-tition from newly industrialising countries may skew demand away from unskilled workers and towards the skilled even more quickly than it has done already.

As Alan Krueger of Princeton Uni-versity argued at last week's World Economic Forum in Davos, the

spread of computerisation is making employers increasingly keen to take on highly educated staff. "Qnalification inflation" is another possibility. As well as

applying for the new highly skilled jobs created by technological prog-ress, the well educated may also compete for jobs currently held by the less qualified. And once the highly qualified move into those jobs, there is evidence that they move the skill requirements involved permanently upmarket. This means the less well educated have difficulty recolonising these positions even if they get the opportunity later on.

In some cases employers reject the highly educated as candidates for these jobs because they regard them as over-qualified, and therefore suspect that they will move on quickly when they find something better. But there is evidence from both sides of the Atlantic that

......

many well educated people have moved downmarket. In the US the proportion of graduates either unemployed or in "high school jobs" has risen from 11 per cent in 1970 to 20 per cent in 1990, with the UK showing similar trends. This is an alarming prospect for people in the middle of the labour

market - those who are neither unskilled nor highly educated. On the one hand, they face com-petition from better qualified rivals

at home who cannot get the high level jobs they desire. And on the other hand they face competition from their peers overseas. As an article to be published in this week's Bank of England Quarterly Bulletin observes, investment in technology and education in the newly industrialising economies of Asla means that their citizens are increasingly competing with their skilled western counterparts rather than the unskilled.

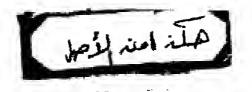
This does not imply that encouraging more people into higher edu-cation in Britain has been a mis-take. As more companies adopt the sorts of technology which will allow them to exploit highly quali-fied employees, so the rewards will gradually become more apparent. But the process might well prove painful in the short term. Many graduates are having to lower their career expectations for a few years and this in turn may step up the already intensifying pressure on those people just below them on tha skills and education ladder. Review of the economy and employ ment: future employment prospects for the highly qualified, by Rob Wil-son. Institute for Employment Research, Warwick Univ, 1995.

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LEGAL DEFINITIONS placing v. 1 a quota of flat fish 2 horses. dogs etc. in winning order (usu. foll, by payout) 3 act of placing shares on behalf of clients. see ROWE & MAW: asap (ph 0171-248 4282)

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FINANCIAL TIMES COMPANIES & MARKETS

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Monday February 12 1996

Banks to be picked for plum Polish sell-off

By Nicholas Denton in London and Christopher Bobinski in Warsaw

Poland is about to appoint the investment banks which will manage the largest privatisation in eastern Europe this year - the international public offering of state copper producer Polska Miedz, expected to value the company at about \$2bn (£1.2bn). Some 13 consortia - including most of the leading US and European

investment banks and Poland's largest commercial banks - submitted plans for the privatisation on February 2. Polska Miedz said the privatisa-tion ministry, which controls the company, was expected to draw up a shortlist by the end of the month and then choose managers for the sale.

+*

A consortlum lad hy Goldman Sachs, and groups led hy SBC Warburg and CS First Boston, are considered the strongest contendars. The participation of HSBC and N. M. Rothschild in its team bolsters Goldman's effort; SBC Warburg analysts have particular expertise in tha mining industry; and CS First Boston has extensive experience in eastern

Europe. Competition for the position of lead manager is intense because 42,000 employees. The company, Polska Miedz holds five per cent of world copper reserves and its sale will be Poland's largest single privatisation

The privatisation ministry is considering an international sale of global depositary receipts listed in London, representing about 15 per cent of the equity of Poiska Miedz and worth about \$300m. A further 10 per cent, worth obout \$200m, will be reserved for domestic investors and about 15 per cent for distribution to

Scant cheer

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-5%

-10%

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US profits 12%

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Share price relative to the FT-SE-A Al-Share Index

MAM sale Roderick Oram reports on Allied Domecq's struggle to pull off a turnround

which is to be floated on the Warsaw Stock Exchange, will represent about a third of the market's capitalisation. The rise in copper prices between 1994 and 1995 lifted revenues at Pol-ska Miedr by 45 per cent to 3.78bn 2lotys (\$370m), on which the company South America. made an estimated net profit of 450m-500m zlotys. But investment bankers pitching for the privatisation mandate are concerned that the copper price, which ended last week at \$2,570 per

tonne, is past its cyclical peak. Polish copper deposits are deep and

tors are able to use more efficient open-cast mining methods. It costs Polska Miedz 82 cents to extract a pound of copper, compared with 40-70 cents for competitors in the US and

expensive to extract, while competi-

Bankers are also concerned that Polska Miedz's diversification plans are reducing its appeal. It is investing heavily in mobile telecommunications after Polkomtel, a consortium including Polska Miedz and Airtouch of the US, won a licence to provide GSM digital mobile services.

INSIDE





GLOBAL INVESTOR Merrill Lynch and Salomon say they expect 20 per cent of their future revenues in investment banking to come from telecoms worldwide. The sector, which is valued at about \$650bn after a wave of international privatisations, still only represents 5.5 per cent of the total value of world stock markets. If Merrill and Salomon are right, that proportion is bound to rise. Page 24

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BONDS:

You have more chance of being struck by lightning than finding an economist who believes European economic and monetary union will take place in 1999 with the original Maastricht signatories. But while bond prices suggest investors expect some form of Emu to take place, the implications of a delay are not clear. Page 26

EMERGING MARKETS:

The examples of Latvia and Lithuania suggest investors might be wise to keep a close eye on the debt market. Fairly low inflation and strong currencies in both countries make government paper a good buy. Page 25

- CURRENCIES:

Sterling will be in the spotlight as the markets respond to renewed IRA bombing. Some selling pressure is expected, but sustained weakness is not. The heat may be on later in the week, however, after the release of the Scott report into the sale of arms to Iraq. Page 29

COMMODITIES:

The International Precious Metals Forum kicks off in the UK this week against a background of increased market activity after the London gold price burst through the \$400 a troy ounce barrier in the new year to bit an all-time high just over a week ago, Page 24

I INTERNATIONAL COMPANIES:

A consortium headed by Deutsche Telekom, the state telecommunications network, and Bertelsmann, Germany's largest media group, is holding a crucial meeting today aimed at seeking agreement on a standard decoding box for the launch of pay-per-view digital television this year. Page 22

UK COMPANIES:

Two Scottish fund managers are understood to have made their final offers for Dunedin Fund Managers, the Edinburgh-based investment management company controlled by Bank of Scotland, which is for sale after staff defections and resignations, Page 22

Companies this week appear on Page 24

STATISTICS

Base lending rates London recent issue Company m tings London share service Companies this we Managed fund service Money markets send payments . FT/SRP-A World Indices New int bond issues

32-33

Long wait for highlights doubts on some news to rival bid raise the spirits for MAI

By Raymond Snoddy

City of London doubts that a rival bidder might lannch an offer for MAI, which announced a £3bn merger with United News and Media on Thursday, were highlighted on Friday when Mercury Asset Management sold a significant stake in the UK broadcasting and financial services group.

MAM, the investment group which played the crucial role in the successful hostile bid by Granada, the TV, catering and leisure company, for Forte, the hotels group, sold a 2 per cent stake in MAI for £25m.

Although MAM retains 6.25 per cent of MAI, the sale seems an indication that it did not believe it likely that any predator, in particular Cariton Communications, under chief executive Mr Michael Green, would bid for MAI and therefore force up the price.

There were, bowever, unconfirmed reports that MAM spent half the proceeds of the sale on shares in United News dia v

viven that this is the run the spirits arms of Guin-U year when everything is anpposed to come right for Allied Domecq, 1986 has started rather badly.

A second profits warning in seven months from the international spirits, wine and retailing group last week knocked the shares back near to a five-year low. "The way that Allied gave its profits warning at its annual meeting signalled a company in serious difficulties," NatWest Securi-ties' analysts advised clients.

Mr Tony Hales, chief execu-tive since 1991, is credited with enhancing Allied's drinks side by buying Domecq of Spain for £739m (\$1,138m) in 1994 and shedding food manufacturing and peripheral activities,

But the strategy has yet to shine. Whan Domecq was bought, the City's forecast was for pre-tax profits this year of about £750m. Negative factors have cut that to about £580m.

Some are no fault of management, such as the peso devaluation's devaatation of ers, such as over-stocking by to cut costs and invest that the Daily and Sunday Express newspapers. In regulatory some Allied drinks distributerms. United would he an tors, show inadequate manageeaster takeover target for Carlment control, analysts believe. ton than for MAI. Carlton City of London concerns are focused on the performance of could simply "warehouse" drinks, which account for just Express Newspapers in a deadlocked company - place own-ership in a 50-50 company in under half the group's profits. A reorganisation begun last partnership with a hank -June turned Allied from a diverse holding company into a which is precisely the strategy drinks group with a big sidebeing adopted by United and line in retailing through UK pubs and off-licences, and Bas-A Carlton hid for MAI would face a number of hnrdles

ness, Grand Metropolitan and Seagram, which rank with Allied as the world's four largest spirits companies.

The four have had a touch five years, with drinkers reluctant to consume more or better products or accept price rises. The producers made matters worse by sharply reducing advertising spending in the recession of the early 1990s. The problem is highlighted

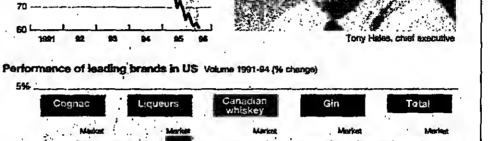
by the decline of Allied's key brands in the US, a country that generates about one third of its drinks profits. They fell faster than their markets during 1989-95, with shipments of. for example, Beefeater gin off 30 per cent and Courvoisier cognac off 25 per cent. according to the company.

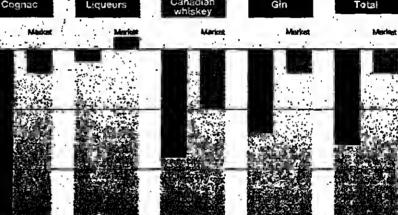
"We were underspending on advertising, and overpricing." said Mr Hales. Allied's US advertising spend halved between 1990-94, according to Jobson's, an authoritative

drinks trade commentator. Only in the past 18 months



25





20%

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advertising revenue. A number of newspapers suggested yesterday that Mr Green, who last week interrupted a holiday in the Caribbean before the United-MAI deal, was being encouraged to intervene. Mr Green declined to comment yesterday. although the fact that he was at home rather than at Carlton headquarters suggests nothing is imminent.

under present ownership rules

and would be looked at closely

by the Office of Fair Trading

because it would give Carlton

more than 40 per cent of ITV

United-MAI believes Cariton is the only company likely to try to make a counter bid for

one or other of the parties. Another possible candidate, Lord Rothermere's Associated Newspaper group, publisher of the Daily Mail, is not interested. Its intention has been to wait until tha hroadcasting bill hefore Parliament is passed before making its

Tha hill will allow newspa per groups to own television stations and vice-versa. Possible Associated targets might include HTV, the ITV company for Wales and the west, or a buy in commercial radio, such as London station Capital.

Dunkin' Donuts franchised stores Mr Hales said he spends about half his time on the drinks side and the rest on other group activities. In contrast, full-time chief executives

savings in more and better advertising and new products. Their complex brand, country and regional structures were ripe for rationalisation. Now Allied has "brand centres" in Bristol and Los

sations, old brand companies such as Harvey's sherry are simply producers and the supkin-Robhins ice cream and ply chain is being streamlined. advertising, marketing and promotion by 12 per cent last year to about £400m. At 13 per

cent of sales, the spend is comparable to Guinness's and

Angeles, which each have a portfolio to co-ordinate globally. Execution of marketing is in the hands of country organi-Allied lifted its spending on

tors and retail purchases np

Source NWS/Jo GrandMet's. A rise of about 6 only a percentage point or two. per cent is planned this year. Allied believed it had turned the corner in the US, forecasting increased market shares there this year for its four main brands and a sharply rising trend thereafter. These plans were disrupted, however, by Christmas sales. The group its competitors, but in Asia it is trailing them while still chief executive. ad budgeted a 10 per cent rise in a static market, but poor sales hy some brands, particu-larly Canadian Club, left of a dividend cut. But in any increased stocks with distribu-

44%

earnings would cover the current dividend about 1.4 times Mexican news is brighter, Cashflow would only cover 80 per cent of the dividend but with peso profits recovering. But sterling profits will still take several years to match the Allied's halance sheet gearing pre-acquisition peak. Europe is of 65 per cent would allow it to fund the difference with debt. no less of a slog for Allied than However, many in the City of London is eager for the rching for a new regional arrival of Sir Christopher Hogg, one of the most respected executives in Britain. A pick-np in any of these regions would help allay fears as chairman on April 1 to help Allied's management sharpen e, pre-tax profits of £580m up its act. this year for 34p per share of Lex. Page 20

10%

86%

World stock mkt Indic

Companies in	thi	s issue			
Alcatel Alsthom	22	Eurotunnel	20	Medium Business Bi	4
Allied Domecq	20,21	Famell Electronics	21	Northrop Grumman	3
Aoki Corp	22	Flemings	22	Pacific Dunlop	22
BIR	22	Henderson Land	22	Philips	8
Berteismann	22	Hewlett-Packard	22	Polska Miedz	21
Compag	22	IBM	22	Portugal Telecom	2
Daewoo	a	ICI	8	Pramier Industrial	21
				Prudential Corp	21
De Boers	21	Kirsch	22	Rautaruukki	22
Deutsche Telekom	22	Kone	22	Torch Telecom	8
Dunedin Fund Mgrs	22	MAI	21	Utd News and Med	21
Electric de Portugal	2	MAM	21	Vobis	22
Escom	22	MAN	8	WorldCom	2

Prudential poised to determine **Analysts question De Beers cartel's** stance on Farnell bid for Premier claimed share of world diamond trade be further complicated by the

By Kenneth Gooding. Mining Correspondent

The international diamond cartel organised by De Beers of South Africa has a far smaller share of global trada in rough or uncut diamonds than it claims, according to an independent analysis of the mar-

This suggests that world supply of rough diamonds in 1995 reached 130m carats, worth \$7.2bn, and that the cartel's

share was 63 per cent, not the 70-80 per cent claimed by De Beers' London-based Central Selling Organisation.

The CSO's share of the market in 1994 was even lower - 56 per cent of global sales worth

\$7.6hn - according to the anal-ysis, prepared by Tarraconsult, an Antwerp consultancy, and Diamond International and published by the CRU International consultancy. Diamond anpply statistics are under graater scrutiny than ever from the industry and analysts because of worrias about the cartel's future. The CSO is having difficulty negotiating a new con-

tract with the Russian indus-"Institutions and diamond companies are checking more closely than ever whether the CSO still actually retains control of the marketplace,"

says Mr Mark Cockle, editor of Diamond International.

. . .

IAN CHOSE THE LIGHTS OUT OPTION ON VIRGIN UPPER CLASS BUT, UNFORTUNATELY, HAD DRUNK TOO MANY COFFEES.

The CSO has been losing market share partly because of Russian diamonds being sold outsida the present contract. There has also been an increase in activity by individual diamond hunters in Africa and South America, according to Terraconsult.

The research uncovered some anomalies: Belgian import statistics showed that more than 10m carats, worth \$730m, were imported from Liberia - far more than that country produces. "It is likely that couriers

bringing diamonds into Belgium have used Liberia as a cover to protect the source's origin," says Terraconsult. "The most probable sources

are Russia and Africa." The CSO insists its share of the market remains at 70-80 per cent. It says the analysis fails to take account of the purchases the CSO makes in the free market, where it mops up excess supplies.

Neither, it says, does the analysis take full account of the fact that the CSO has a quota system and producers are being asked to stockpile 15 per cent of the diamonds that otherwise would have been sold through the cartel.

Terraconsult and Diamond International say that the CSO has done "a remarkable job" of matching supply and demand and the market has been kept in equilibrium.

By Christopher Price

Prodential Corporation will today decide whether to support Farnell Electronics' £1.8bn takeover of Premier Industrial Corporation at Thursday's extraordinary meeting. The UK insurer's decision could prove crucial to the deal's chances of gaining

shareholder approval. Two institutional shareholders have come ont publicly against the agreed merger. announced three weeks ago. which would create the world's third-largest electron-

ics component distributor. Standard Life and Legal & General both expressed concern over the price Farnell is paying for the US group and

the dilution to shareholders earnings. There are also wornumber of sharebolders who ries over the ability of the bother to vote. Typically, comgroup to run such a huge undertaking, particularly with the Mandel family, which pany meetings are attended and voted at by fewer than, half the shareholders. Should manages and controls Premier. the Prudential, which holds holding a potential 25 per cent nearly 6 per cent, vote against the gap would be closed, placshare in the new company. So far, institutions speaking for about 7.5 per cent of Far-

ing the onicome on knife-edge. nell shares have indicated they However, given the controwill vote against the deal. Nor-wich Union, which holds 3.5 versial nature of the deal, a larger turnout could be espec ted, which is likely to favour per cent, was unavailable for comment yesterday on reports the Farnell management.

that it too will vote against. Directors of the UK group The Farnell board requires have made more than 60 prethree-quarters of the votes cast sentations to institutions in to win approval. Observers the past fortnight, and will believe the vote is running in continue today and tomorrow favour of the merger by five to in an attempt to dissuade the two. The situation is likely to dissenters.

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INTERNATIONAL COMPANIES AND FINANCE

Consortium meets today on German pay-TV system

By Judy Dempsey in Berlin

22

A consortium headed hy Dentsche Telekom, the state telecommunications network, and Bertelsmann, Germany's largest media group, is hold-ing a crucial meeting today aimed at seeking agreament on a standard decoding box for the launch of pavper-view digital television this year. The meeting follows disagreements between the consortium and the Leo Kirch group on whether, and how. they could join forces to develop a uniform decoding system before rivals, possibly including Mr Rupert Murdoch, try to enter one of Europe's fastest growing media markets. An agreement would mean Ger-

many's state and private commercial television networks would come under one umbrella - the Multimedia Betriehsgesellschaft (MMBG) - and would hold a virtual monopoly on digital television. MMBG would also have access to Kirch's extensive film and programming library, one of the largest in Europe, and sporting rights.

"The market would not be split if we could agree. All tha country's television networks would have wide access to programming. We would also be prepared to deal with any outside competition," a consortium mem-ber said. But will Kirch join MMBG? MMBG was set up last year by Bertelsmann. Deutsche Telekom and Canal Plus, the French commercial television network. Other shareholders include Vebacom, the telecommunications division of Veba, Germany's industrial conglomerate, ARD and ZDF, the state television channels, and RTL, the country's leading commercial TV channel in which Bertels-

mann has a 49 per cent stake. Last month, the Kirch group, which had been developing a separate payper view decoding box to launch its own digital television network, appeared to put aside its differences with MMBG. It agreed to take a 50 per cent stake in a new company formed out of Seca, the French company jointly owned hy Bertelsmann and Canal Plus.

This new company would develop the software which would give view-ers access to programmes. Kirch also agreed to take a 9 per cent stake in MMBG.

However, the talks have floundered, with Kirch still considering whether it would go it alone, with the result that Germany would be faced with two competing digital television systems. Kirch's hesitation has also fuelled speculation that it might be seeking an alliance with Rupert Mur-doch in a hid to hreak MMBG. "Any alliance hetween Murdoch

and Kirch would he against Kirch's interests," a consortium member said. "Kirch has a vast film library which would be ideal for MMBG. But so has Murdoch, through his Fox studios. Murdoch means competition for Leo Kirch. It is not certain Kirch would be prepared to lose his monopoly over his vast distribution rights or play second fiddle to Murdoch."

Last week, Leo Kirch strengthened his position in the German-speaking market hy paying over DM1.4bn

By Paul Taylor

in the first three 1995 quarters

The slowing growth rate has

heen reflected in year-end

down from sixth a year earlier. German-based Vobis, which

respectively,

sale

(3947m) for a package of films from Colombia TriStar International Tele-vision (CTTT), a subsidiary of Sony Pictures Entertainment (SPE). He has a ready-made market for distributing these rights. He holds a 43 per cent stake in Sat-1, the German commercial TV channel also owned by the Axel Springer newspaper group. Those films could help shore up Sat-1's flagging andience share, which dipped to 13 per cent last January, against an average of 14.7 per cent last year.

He also holds a 25 per cent stake in Premiere, Germany's only pay-TV channel which has 1m subscribers, a per cent stake, through his son Thomas, in Pro-7. the rapidly growing commercial television network, and a 24.5 per cent stake in Deutsches Sport-Fernsehen, the sports channel.

Analysis believe Kirch clinched the deal not only to keep ahead of the competition from RTL and ZDF. Both recently bought film rights from the US film studios Warner Brothers and ways. Hearst Entertainment respectively to

European PC sales up 20%

try to break Kirch's stranglehold on film distribution in Germany.

"Kirch is also positioning himself for the future. That future is digital television. Of course he wants to sew up huge film rights to keep his Ger-man competitors at bay. But he also wants to make sure he is in a strong position when digital television is launched," an analyst said.

This acquisition of films places Kirch in a powerful bargaining position with MMBG. More importantly, Kirch, and Ufa, the film and TV sub-sidiary of Bertelsmann, recently secured the television rights for the Bundesliga, Germany's national foot-hall league. The only outstanding issue regarding the rights is which digital TV company will win them in the future.

The foothall authorities said no decision had been made, largely hecause they want to see whether MMBG and Kirch will jointly launch a standard decoding box for pay TV digital television, or go their separata

Q4 1995

130,451

135,515

91.705

744,183

151,678

325.329

226,164

238,237

874.854

1,035,193

% change

36.1 29.4 33.8

21.0 7.0

31.7 27.4

14.5 21.2 11.5

31.3

NEWS DIGEST Alcatel Alsthom hit by asset disposals

Alcatel Alsthom, the French telecommunications and engineering group, saw total turnover fall hy 3.9 per cent last year to FFr161.2bn (\$31.8bn) from FFr167.6bn the year before. because of poorer sales performance and asset sales. After stripping out the press interests sold to France's Havas at the end of last year, Alcatel said the fall in turnover - on a comparable basis with 1994 - was 2.9 per cent. The group, heing reorganised hy Mr Serge Tchuruk, its new president, said new orders booked during 1995 fell by 2.7 per cent - or 1.7 per cent on a comparable basis - to FFr155.8bn, down from Alcatel Alsthom, the French telecommunications and per cent on a comparable basis - to FFr155.8bn, down from

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Turnover in telecommunications, the biggest slice of Alcatel activity. declined by 4.4 per cent, from FFr70.8hn to FFr67.7bn last year. Sales of cables, the group's second largest product category, rose from FFr39.8hn to FFr40.6bn, mainly due to Fr160_2bn in 1994. better husiness in North America and southern Europe. Alcatel's half share with GEC of the UK in GEC Alsthom produced transport and power equipment sales of FFr29.3hn, a rise of just under 10.8 per cent. Systems, a new unit grouping Alcatel engineering and turnkey projects, produced FFr21.1bn of sales last year, marginally below 1994's performance. David Buchan, Paris

HK group plans spin-off

Henderson Land Development, the hig Hong Kong property group, plans to spin off its China real estate arm with an group, plans to spin of its China real estate and with an initial public offering and by triggering the conversion of existing honds into stock. Henderson Land will sell HK\$1.5bn (USS191m) in new stock of Henderson China Holdings, mostly to institutions outside Hong Kong. About 15 per cent of the shares will be offered to the public in the territory, with holders of Henderson Land given preferred treatment.

A bigger portion of the fundraising will be executed hy permitting holders of HK\$460m in Henderson China convertible bonds to trade the debt for equity anytime within a year. for a price 15 per cent under the net asset value of the China property play. Henderson China holds 22 real estate development projects on the mainland, mostly in Shanghai and around Guangzhou, and Henderson Land said the property has been independently valued at HK\$13.7bn. AP-DJ. Hong Kond

■ Aoki Corporation, a medium-size Japanese builder, said it would suffer an after tax loss of about Y98.3bn (\$919m) in the year to March, wiping out almost half its capital. The loss, the first in its 35-year history as a quoted company, results from a reorganisation which would isolate bad dehts and other problems associated with affiliated companies.

Aoki will write off Y78.6bn in losses arising from loan guarantees for property companies and Y10.7bn from sales of shareholdings. A further Y12.9bn will be provided for payments for early retirement allowances as part of a restructuring.

The workforce is to fall hy 500 to 2,850 over the next few years. The reorganisation involves the separation of the company's hotel business from the rest of its construction Gerard Baker, Tokyo operations.

Rautaroukki of Finland, the Nordic region's second-largest steel producer, plans to buy out its Norwegian partner in Fundia, a Swedish manufacturer of long steel products, in a SKr710m (\$102m) deal. Fundia is 50-50 owned by Rautaruukki and Norsk Jern Holding.

Fundia made SKr261m profit in the first eight months of 1995, putting it on course for a considerable increase on 1994's SKr154m profit for the full year.

Christopher Brown-Humes, Stockholm

of accounting errors By Hugh Carnegy in Stockholm

Kone, the world's third-largest producer of lifts, has reported a 35 per cent fall in profits in 1995 after suffering from a weak market in Europe, the costs of restructuring and unwinding deliberate accounting errors in its Italian operations.

The Finnish company said pre-tax profits fell from FM286m in 1994 to FM186m (\$40.5m), despite an increase in sales from FM7.6bn to FM9.5hn resulting from its acquisition of Montgomery, the US group. The profits fall was less steep than expected hecause Kone restated its figures from 1992, 1993 and 1994 to reflect the prohlems in Italy, rather than taking the full effect in the 1995 accounts.

Profits during those years were inflated hy a total of FM173m - of which FM110m fell in 1994 - as two of the group's senior managers in Italy exaggerated the amount of husiness they had been doing. Both have been sacked. Mr Aimo Rajahalme, Kone chlef financial officer, sald

occurrence of the inflated profits and shareholders' equity

Kone counts the cost Downturn at

had been reduced accordingly. in 1995, the effects of the Italian fraud were less, hut contributed to a FM70m financial burden resulting chiefly from the restructuring, in which four plants. in the UK, the Netherlands. Germany and the Czech Republic, are heing closed

Profits were also hit hy increased depreciation charges and financial expenses relating to the 1994 acquisition of Montgomery,

Kone said the effects of restructuring and benefits from Montgomery would he felt this year, when profits would be "clearly better" than in 1995, leading to further improvements in profitability in 1997 and 1998. Kone, third higgest in the

sector after Otis of the US and Schindler of Switzerland, said maintenance and modernisatioo accounted for 61 per cent of sales. Demand continues to be flat

in Europe, which last year accounted for 57 per cent of Kone's business. But new orders grew hy 31 per cent overall to FM6.6bn with 85 per profits had been restated in the three years in line with the cent coming from Montgomery.

By Nikki Tait in Sydney

Pacific Dnnlop, the Melbourne-based conglomerate which recently sold its large food-manufacturing interests, accompanied news of a 22 per cent fall in interim profits to A\$118m (US\$89m) with an announcement that Mr Philip Brass, its chief executive, is to retire at the end of the finan-

Pacific

Dunlop

cial year. Profits were struck after tax hnt before ahnormal items, and compare with A\$151.3m last time. 5. After ahnormal

Items, profits in the six months to end-December were A\$118.6m, against A\$113.8m. The results - partly reflecting asset disposals, including food interests -were scored on sales 9.4 per cent lower at A\$3.38m. Earnings per share (before abnor-

mal items) slipped from 14 cents to 11.3 cents. The divi-dend was held at 11 cents. Pacific Dunlop said most of

its on going businesses had "a difficult trading period". The cables unit suffered from reduced demand in Australia, and the GNB Technologies results were hit hy delays in commissioning a new lead smelter in the US.

ers which expressed an inter- hurgh investment Trust. Dun- ments the holding comm

Sales of personal computers in Europe grew by 20.5 per cent to 4.78m in the traditionally strong final quarter last year, Selgium Denmark 95.855 107.111 Finland 68.520 615,269 according to Dataquest, the France 967,707 345,290 mieny market research firm. Italy Netherlands In recent years pre-Christ-255.369 mas sales have been boosted hy purchases of multimedia 206,208 Span 196.605 home PCs. Sales growth in the 1995 final quarter was comfort-UK 667.756 ably ahead of the 18 per cent Sautor Detained growth recorded a year earlier but down sharply from the 29.5 per cent, 27.8 per cent and 23 per cent growth rates recorded

Siemens electronics group, overtook Vohis to hecome ket share hy one percentage point to 4.1 per cent. Cermany remains Europe's

PC MARKET COUNTRY BY COUNTRY

O4 1994

Europe's sixth largest PC higgest PC market, with 1.04m group in sales terms, with 4.5 per cent. Other market-share losers included Italy's Olivetti group.

statements from several manufacturers. Escom, the fast-extroubled Apple Computer and panding German PC retailer, IBM whose market share dropped from 10.1 per cent to has hlamed a fourth quarter loss partly on disappointing 9.1 per cent.

The main gainers included Dataquest shows that Compaq, which consolidated Escom's market share in terms its position as the largest PC manufacturer with an increased 128 per cent of the of units sold in the fourth quarter fell from 4 per cent in the 1994 period to 3.2 per cent European market, and Hewlast year and it ranked as lett-Packard, whose Geneva-Europe's 10th largest PC seller. based PC unit lifted its market share from 3.8 per cent to 5.5 per cent in the final quarter, sells under the Highscreen ranking the US-hased group as Europe's fourth largest PC brand, saw its market share maker.

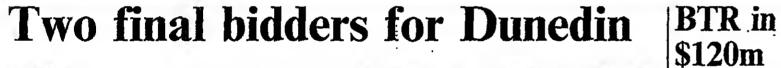
drop to 3.7 per cent while Siemens Nixdorf. part of the Packard Bell lifted its mar-

By Patrick Harverson

COMPANY NEWS: UK

machines sold in the final quarter followed by the UK and France. The fastest growing markets include Belgium. Finland, Italy and the UK. which all have growth rates above 30 per cent, compared with Germany's relatively modest 7 per cent growth rate. By the final quarter almost two-thirds of all PCs sold in Europe were powered ov Intel's Pentium processors. leaving machines based around the older 466DX2 and DX4 microprocessors trailing. Sales of machines based on

the PowerPC chip, jointly developed by Apple, IBM and Motorola, accounted for just 5.1 per cent of the market.



Lloyd's investors see

the decade.

Two Scottish fund managers are yesterday understood to have made their final offers for Dunedin Fund Managers, the which is for sale after staff defections and resignations.

The two final hldders are Fund Managers, hotb quoted investment managers based in and three investment trusts Edinburgh. Other fund manager managed by Dunedin: Edin-

race. The sale of Dunedin could be concluded in the next few days. The successful bld der will need to make clear Edinburgh-based investment management company con-trolled by Bank of Scotland, bow it is going to meet the cost of the takeover, likely to be about £100m.

50.5 per cent of Dunedin lvory & Sime and Edinburgh through its merchant banking subsidiary British Linen Bank,

est bave dropped out of the the rest.

The negotiations involve Bank of Scotland, which owns

edin Income Growth and Duncontrolled by the Cayzer famedin Worldwide, which own ily. EFM, meanwhile, is controlled by British Investment With Ivory & Sime and Edin-Trust, which owns 54 per cent. Bank of Scotland had origi-nally intended to find a new burgh Fund Managers each managing some £4bn of assets and Dunedin about £5.3bn, the

new entity will have total assets under management of more than 19hn, making it the next largest Scottish fund manager after Baillie Gifford, which has £11hn. lvory & Sime is 29.9 per cent owned by Caledonia investers said they intended to leave.

|FI plans float

with £60m tag

chief executive and chairman for Dunedin after the resigna-tion in late October of Mr Hamish Leslie Melville and Mr Alan Kemp, the executive chairman and his deputy. Four senior executives had left previously. Later another six fund manag-

automotive steep share price gains purchase By Ralph Atkins,

Insurance Correspondent

Quoted Lloyd's of London investment vehicles have emerged from the doldrums to produce steep share price BTR will announce this week the acquisition of a US automotive componeots manufacgains, marking a revival of turer for \$110m-\$120m (£72minterest in the 300-year-old £78m) in what will be the first

deal struck by Mr Ian Strachan, the industrial conglomerate's new chief executive. BTR is having the vibration control division of GenCorp, the US manufacturing group. The Indiana-based unit will be integrated into the UK group's antomotive division, which already makes anti-vibration systems in Britain, Germany and Spain for car makers. Although the performance of allowed by Lloyd's to establish

insurance market. Share prices relative to the FT-SE-A All-Share Index have jumped as much as 20 per cent in recent weeks, marking a renaissance for the Lloyd's corporate investment companies which have provided capital

for underwriting at the market since 1994. On average, relative prices have risen about 9 per cent since the start of the year. Corporate investment was

an alternative to funds pro-

vided by Names - individuals Limit and Angerstein - have whose assets have traditionally seen prices rise above net asset supported Lloyd's on the basis values. of unlimited liability.

corporate investors trading

with limited liability. Some

support a spread of Lloyd's

insurance syndicates to control

risk; others have concentrated

Part of the re-rating reflects

the fact that in addition to sup-

porting underwriting, much of

the vehicles' funds are

invested in equities which

have performed well. But some

- including the two higgest,

Funds wary of UK equities

on supporting only a few.

Mr Chris Hitchings, analyst After bearing the brunt of at UBS, said the stocks had more than £8hn in losses been largely ignored for some reported in recent years, the number of Names is expected time, but now Lloyd's was close to the May target date for to decline steeply by the end of implementing its recovery plan, more attention was being There are 16 listed Lloyd's

paid to valuations. Prices have also been supported by the setting up in November of a £60m investment trust, chaired hy Mr Matthew Harding, the millionaire backer of Chelsea Foothall Club, specialising in Lloyd's of London corporate members. Interest could grow over coming months as the first underwriting profits - under Lloyd's system of reporting three years in arrears - come closer.

Flemings tries to quash rumours

By Nicholas Denton

Members of the Fleming family moved yesterday to quash renewed speculation that they are open to approaches for their key shareholding in Flemings. one of the few remaining independent UK investment hanks.

"We are very determined to remain independent and see no advantage to tying up with another party," said Mr Roddy Fleming, a director and representative of the family. "We are not for sale. We want to remain where we are."

Several hanks hullding up investment banking husinesses have sounded out Flemings to test the strength of its public commitment to continued independence. They have fixed upon Flemings hecause it, along with Schroders, is the largest remaining independent investment bank.

Internationala Nederlanden Groep put out feelers before it acquired Barings, the UK investment bank which collapsed nearly a year ago. National Westminster is also understood to have made an informal approach. But Flem-ings has discouraged all over-

tures. While founding families often diversify their personal assets, the Fleming family has gradually restored its stake in the investment bank in the last three years, lifting its holding

to 35 per cent. It said it had acted to cement ties by drawing more younger the security and resources of relatives into employment at the larger institutions.



discouraged approaches

the company. About a dozen family members have posl-tions, including Mr Rohin underperform market Fleming, the chairman. The marketing of the bank also hinges on its independence, Flemings executives said. Since the failure of Bar-ings, and the takeover of SBC Warhurg, Eleinwort Benson and Smith New Court, it has presented itself as a stable provider of objective advice. But Mr John Manser, chief executive, has admitted that Flemings could come under pressure if the most talented investment bankers opted for



return of investor confidence. Fl Group, hased in Hemel Hempstead, Herts, has carved out a profitable niche hy focus-ing on the high growth market for applications management, particularly in the finance, retail and leisure and service sectors.

The UK market in this area

grew from about £230m in 1994 to £315m last year. FI Group is acknowledged to be a leader in this field - in the year to April 10 shows 70 percent of the state of th

30 about 70 per cent of its £61.7m turnover came from this work.

in the six months to October 31 the group reported a 33 per cent increase in pre-tax profits to £2.09m on revenues np 32 per cent to £37.4m. The gronp's contracts are typically with large organisa-tions which are highly dependent on complex IT systems

and have hig databases. They include Barclays Bank, London Electricity, Royal Insurance. Tesco and Lloyds TSB. Most recently FI Group has signed five-year contracts with Whit-hread, the Co-operative Bank and Thames Water.

- US analysts expect 1995 profits to have increased sharply to \$11m (\$6m) on sales of \$160m (\$140m) - GenCorp has been unable to develop the husiness as an international components supplier and has admitted it would be a better fit with BTR.

the vibration control division

has improved in the past year

Last antumn, GenCorp blamed a decline in the auto-motive sector for reduced third-quarter operating profits of \$22.3m, against \$23.5m.

The acquisition fits neatly into BTR's strategy of dispos-ing of non-core businesses and focusing on industrial mannfacturing. The strategy was first adopted by Mr Alan Jackson, the former chief execu who retired at the end of year, and is being contin under his successor Mr S chan, who took over in Ja

ary. BTR recently expanded presence in the Latin Am can antomotive indust with the purchase of Meta gica Carto of Brazil,

variety of non-core business recently. In the last th months it has raised alm £720m from the sale of its aggregates business, its w drawal from the Malays petrochemicals industry the disposal of its Dunlop renger sports equipment s sidiary. More candidates disposal are expected to drawn up up over the next : months.

British fund managers are growing increasingly wary of the outlook for UK equities, according to the latest monthly Gallup survey sponsored to the latest monthly Gallup survey sponsored by Merrill Lynch, writes Jeffrey Brown. The poll found that, in early January, 27 per cent of fund managers were looking to reduce holdings of UK equities - more than double the propor-tion (12 per cent) in the preceding month. The survey, carried out among 79 institutions handling £831bn of managed funds, found hulls curtour baset by 16 percentage reducts on a

outnumbered bears by 16 percentage points on a three-month view of UK shares, while the ratio for the month of January was 44 percentage

points. Respondents were also nervous about the outlook for UK bonds with a balance of 23 per cent of fund managers planning to reduce their holdings of gilts.

Gallup describes the findings as "consistent with respondents' view on the outcome of the with respondents view on the outcome of the next UK general election". Some 95 per cent of money managers believed Labour would win most seats. In the December poll, UK institu-tions turned seller of European equities for the first time in nine months. The latest poll lists Hong Kong and Singapore as the most favoured equity markets.

	CROSS BORD	ER M&A DEALS		
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Famell Electronics (UK)	Premier Industrial Corp (US)	Electronic components	£1.85bn	Standard Life
Gene (Germany)	Lloyds Chemists (UK)	Pharmaceuticals distribution	£584.3m	Rival to UniChern bld
Clyde Pretroleum (UK)	Marathon Petroleum (Indonesia)	Oil & gas	£33m	Acquiring third
Johnson Matthey (UK)	Unit of Cray Research (US)	Electronic materials	£25.9m	New core expending
Inspec (UN)	Unit of AlliedSignal (US)	Speciality chemicals	£18.6m	Reuniting
Morgan Crucible (UIQ	Magna Industrial Co (HK)	Chemicals	£14.5m Asian platf	
Headlam (UN)	Malle Group (Netherlands)	Household goods	£9.7m	Continental
Ti Group (UK)	Technoflow (Germany)	Motor components	£8m	foothold Completes 1994
Pearson (UK)	HarperCollins Educational (US)	Publishing	£387m	agreement Textbook
Haden MacLollan (UK)	Brandt Filtration (US)	Engineering	£1.9m	Profit-related



Large companies escaping hostile takeovers in the past decade have seen their share prices subsequently underper-form the stock market by a

wide margin, according to a report by Scottish Amicahle Investment Managers. Today's report, *The Ones* that Got Away, shows shares in companies which fought off predators in large bids between 1986 and 1994 underperformed the market by almost 20 per cent in the first three years

By Patrick Harverson after the bid had failed. In a study of 15 hids, each worth more than £250m, the shares of only three target companies ontperformed the market.

Escapees from takeovers

Among the worst performers were Storehouse, the retailer. whose share price underperwhose share price underper-formed by 66 per cent three years after the group defeated a bid from Benlox in 1987, and Hammerson, the property group, whose shares underper-formed by 55 per cent in the

formed by 56 per cent in the three years after Rodamco's failed 1988 offer.

The group has also sol

a produce a service program.



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Ringing rapid changes in telecoms

Amid the brouhaha nf last week's signing of the US telecommunica tions hill, there was me small

but striking detail. Merrill Lynch and Salomon, two of the biggest and most interoational of Wall Street's broking houses, said they expected 20 per cent of their future revenues in investment banking tn

come from telecoms worldwide. It is sobering to recall that 15 years ago the global telecoms sector consisted almost wholly of a single stock: the old AT&T. Then AT&T was broken up, international privatisation got under way, and between 1986 and 1995 the value of the sector quadrupled. It now

stands at some \$650bn. That figure still only represents 5.5 per cent of the value of the world's stock markets, up from 3.1 per cent in 1988. If Merrill's and Salomon's 20 per cent figure is right, the proportion is hound to rise further.

Indeed, the process seems to be accelerating. The flood of privatisations continues: from Peru and Indonesia, from Russia and Germany, In the US, meanwhile, the telecoms hill npens the dnnr to prnfnund restructuring of the entire communications industry, Any

COMMODITIES

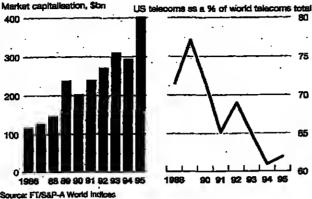
mergers, presumably, will he funded in part hy phone companies' paper.

Investors will be asked to put up tens or even bundreds of hillions nf dollars to fund the industry's transformation. It is worth reflecting on the nature of this investment. As privatisation and liberalisation

become the norm, what will global telecoms look like? Tn begin with, the past will be no guide to the future. The whole point of liberalisation is that equity is needed to fund the process of change. That same process alters the industry's operating characteristics.

Entrenched monopulies can prove surprisingly durable, as British Telecomunications has shown. But in the long run, companies which once conformed to a standard pattern will be pushed into adopting different and competing strategies. For the investor, the level of risk and opportunity is

sharply increased The erosion of monopoly tends to take a similar form around the world. As defined by Ms Anita Springer, telecoms



analyst with Scudder, the USbased fund manager, the first stage is the throwing open of wirsless telephony. Then comes competition in internarelated industries. tional calls, then in the local

In a developed market like the US, there is a further stage: the introduction of broadband technology to the local phone system. This puts telephony on a common footing with other

bn USte	ecoms ss a % of world telecoms total	
	<u>ه</u>	Cash Weak Month Year
	75	Bonda 3-5 ya Week Month Year
	70	Bonds 7-10 y Week Month Year
	65	Equities Weak Month Year
82 93 94 95	1988 90 91 92 93 94 95	Source: Cash & B

kinds of digital data, from Internet connections to video on demand. Phone companies are thus hrought into competition or alliance with a host of

At the less developed end of the spectrum, the process of change is highly political. All pbone companies are under pressure to lower their costs by upgrading their technology, which means substituting com-

US	Japan		France	Italy
0.10	0.01	0.06	0.08	0.19
0.47	0.04	0.32	0.40	0.86
7.13	2.50	5.69	6.50	_10.00
ar				
0.09	0.06	-0.46	-0.33	0.06
1.08	0.00	-0.12	1.45	2.54
14.49	10.40	14.53	14.69	19.66
	0.10 0.47 7.13 1.09 1.08	0.10 0.01 0.47 0.04 7.13 2.50 sar 0.09 0.08 1.08 0.00	US Japan Germany 0.10 0.01 0.06 0.47 0.04 0.32 7.13 2.50 5.69 ser 0.09 0.06 -0.46 1.06 0.00 0.12	0.10 0.01 0.06 0.08 0.47 0.04 0.32 0.40 7.13 2.50 5.69 6.50 sar 0.09 0.06 -0.46 -0.33 1.08 0.00 0.12 1.45

Total return in local currency to 8/2/96

-0.72 -0.01 15.30 -0.33 2.91 24.93 -0.79 1.15 0.48 -0.9 0.2 25.3 0.3 0.1 16.2 -1.3 4,4 17*A* -2.6 3.2 11.0 0.e a.0 2.7 6.4 -2.6 Equiter by FT-6E 1 nds - Lehr chs & Co., and S

for international calls, as a means of securing bard cur-As Ms Springer remarks, she rency and holding down is no longer impressed when a domestic call rates. The US is phone company says it is cutting costs. What matters is pushing to have those rates how fast productivity is rising reduced as a matter of trade parity. The phone companies relative to the competition; and that in turn depends largely on how fast people can be thrown thus face the political issue of whether they can raise domestic rates fast enough to make good the shortfall. Again, phone companies in How do investors choose many countries have traditionally charged exorbitant rates

Two simple rules suggest themselves. Make sure the company has a detailed description of its new regulatory framework: and look for clear and specific targets on cutting costs. Even so, expect surprises. Indonesia's telecoms company was jndged unsatisfactory in

those terms, and its initial offering had to be scaled down and cut in price. From a low some months ago of \$18, the stock is now more than \$32. As for the US market, the complexity of the outlook is illustrated by a debate between - again - Merrill Lynch and Salomon. As part of the oeregulation in the telecoms hill, long distance and local phone companies can now attack each others' markets. Merrill's analyst, Mr Dan Reingold, argues that the local companies will emerge victorious. Salomon's equally respected analyst, Mr Jack Grubman, argues the opposite. Each offers a persuasive case.

This could stand as a parable for the telecoms industry as a whole. On the same principle, if the equipment companies do not appeal, one could always buy shares in Salomon or Mer-

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Strate and a second

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Both cannot be right. The GT Global Telecoms which privatisations to go for? Fund in San Francisco, with

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0.12 0.55 7.75

-0.15 0.65 13.97

SE-Banker

but does not anticipate a deep recoil. The market expects 1995 profits of SKr5.3bn. double the 1994 level.

High crude prices to fuel oil groups

British Petroleum, which saw its share price rise to record levels last year, is expected to report replacement cost profits (which strip out the effects of oil price changes) of £480m-£570m when it reports its fourth-quarter results tomorrow. That will not include the S1.1bn (1710m) charge which it will take for the quarter to cover the costs of a

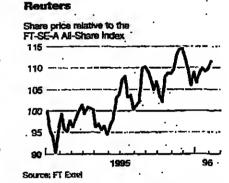
does its manager, Mr Michael Mahoney, stand on the controversy? Simple, be says. He holds no stock in either long distance or local companies. The onset of competition, be argues, will always be benefi-cial in the long run, since lower charges will stimulate

its kind in the world. Where

traffic. The snag comes in the first year or two of transition. In the meantime, he suggests, look to the providers of equipment. They, after all, will be large beneficiaries of the equity phone companies are raising for modernisation.

The range is enormous, from the newly entitled Lucent Technologies – the equipment business of AT&T being spon off in the biggest public offering in Wall Street's history to networking specialists such as 3Com of San Francisco.

The principle is a sound one. The British empire builder Cecil Rhodes, it may be recalled, made his fortune at the Kimberley diamond mine in South Africa: not by bunting for diamonds, but by renting ont a steam shovel to miners. rill Lynch.



Lloyds Abbey Life: The 1995 results from the life assurer on Wednesday start the three-day spate of numbers from the Lloyds TSB Group, which came through a time of change last year with two significant acquisitions taking effect. On Thursday, Cheltenham & Gloucester, which became the group's mortgage lending arm on August 1, gives its results, while those for the whole group, which was formed on December 28 by the merger of Lloyds Bank and the TSB Group, will be published on Friday. Analysts' estimates for pre-tax profits

for the combined operations run at over £2bn. For 1994, Lloyds Bank reported pre-tax profits of £1.3bn; C&G reported pre-tax profits of £219m; and TSB

169.15 167.76 132.20 127.01 256.25

186.93 164.85 144.30 324.92

212.12

61.83 143.07 477.33

1050.35

220.44 72.45 213.84 344.62 302.39 134.08

244.10 166.96 152.97 195.40 196.84

180.79 171.12 232.81 151.15 159.38

192,52

159.87

ne est completions

The timing of the Interoational with the price sliding back to \$405.50 last week, but gold mar-ket bulls saw that as a healthy Precious Metals Fnrum that opens at Londoo's Dorchester Hotel today could hardly have "correction" and remained confident that while the market After bursting, early in the stayed above \$400 an ounce new year, through the \$400-aconsiderable upside potential remained,

troy-ounce barrier that It had found insuperable for 18 months, the London gold price agency last week, "but it's not gning to be easy. There is raced to a two-and-a-half-year high of \$417.50 just over a week

Talk of tests of technical resistance at \$420, the 1990 peak of \$424.50 and even \$450 an ounce proved premature.

been better.

\$430. "We're seeing a lot of action in a tight range," said another. The keynote address at the

London forum will be given by South African MP Mr Marcel Golding and papers will also be presented on bebalf of the Instanbul Gold Exchange, the New York Mercantile Exchange and investment banker NM Rothschild. "Basically I'm still bullish," a trader told the Reuters news • Other events this week include the UN Common Fund for Commoditles' five-day

Gold forum is well timed

monopoly.

annual workshop on commodgood selling all the way up to Ity development in Africa that started in Abidjan, the lvory

Coast's capital, yesterday. Today sees the publication of the International Primary Alu-

for December. On Wednesday Mr Franz Fischler, European Union agriculture commissioner, will present the European Commissinn's 1996-97 farm price proposals and a report on the beef market.

On Thursday the International Sugar Organisation's two-day Sugar 2,000 conference opens in London, Representatives of producers and consumers will give papers on the outlook for the international market.

Change of Address

Financial Times (France) Ltd

Richard Mooney Company news SE-Banken hopes to shed minium Institute's stocks data loan loss woes

puters far people.

ont of work.

Skandinaviska Enskilda Banken will be boping to draw a line under an embarrassing loan loss which plagued it last year, when it becomes the first of Sweden's big banks to report 1995 results tomorrow.

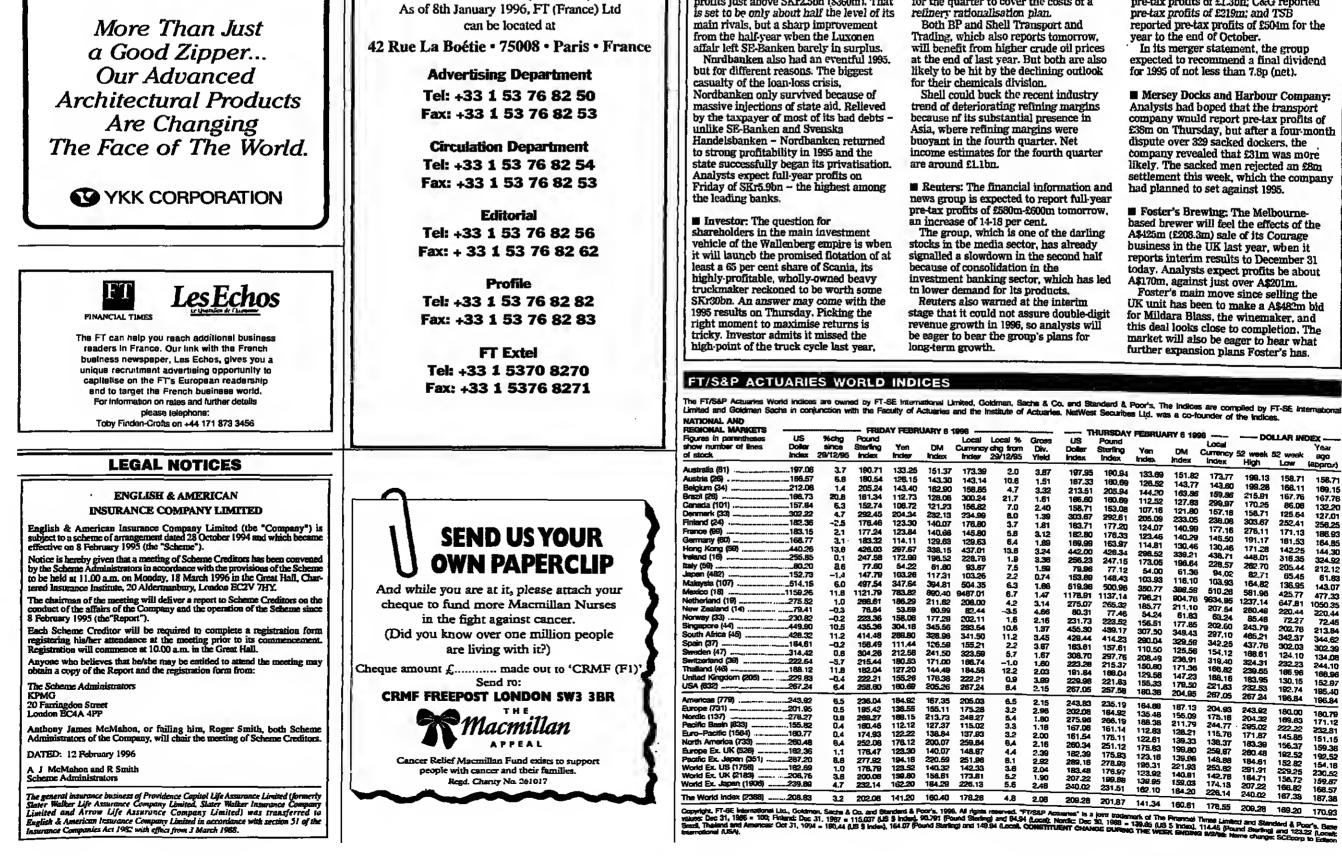
Not for the first time, the bank - the financial flagship of the Wallenberg industrial empire - is seeking to put behind it the loan loss crisis of the early 1990s which brought the whole Swedish banking system close to collapse.

Last year, SE-Banken wrote off a large part of its distressed property boldings. which resulted in a SKr701m loss for 1994 but which was meant to forestall any lingering effects of the loan loss crisis. Within months it was forced to make further provisions to cover exposure to a failed financial investment group called Luxonen which also dated back to the

earlier turbulence. Analysts expect full-year operating profits just above SKr2.5bn (\$360m). That is set to be only about half the level of its

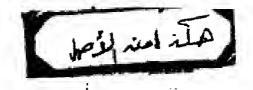
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EMERGING MARKETS: This Week

The Emerging Investor / Matthew Kaminski in Chisinau Attractions and drawbacks of the Baltics

When banks collapse in emerging markets, the economy suffers and the undeveloped financial system loses precious liquidity.

But as shown in Latvia and Lithuania, the small Baltic countries languishing through a painful banking sbake-out, investors might be wise to keep a close eye on the debt market

The two countries' treasury bills offer up to 35 per cent annualised return, roughly where the market stabilised after Latvia's largest bank col-lapsed in May and Lithuania's two higgest commercial banks closed in December. The governments' decisive moves to close the weak banks and prevent a run on deposits at other institutions helped restore some confidence, yet not before interest rates had doubled.

Fairly low inflation in both. expected not to exceed 25 per cent this year, and strong currencies make government paper a good huy for fund managers just discovering the three most economically developed ex-Soviet republics. The third, Estonia, went through a banking crisis back in 1992, but it also offers attractive yields on government and municipal bonds denominated in kroons, a currency pegged to the D-Mark "There is some arbitrage to

be done," said Ms Isabelle Terrillon, associate director at Nomura International, which handled Latvia's and Lithua-

CURRENCY MARKETS

nia's eurobond dehuts last year. But she warned that the T-bill market was small, averaging \$10m \$12m at the auction held weekly in Latvia and

twice a week in Lithuania. "If you are looking for hig market capitalisation, you won't get in the Baltics," Ms Terrillon said. "That is their big drawback".

For foreign investors the other drawback, of course, is the impact of the banking crises on their economies. Growth will be depressed in Latvia and Lithuania this year and infla-tion may be higher than expected. Banka Baltija in Latvia took 40 per cent of the sector under with it: the gross domestic product, initially forecast to rise, fell 1 per cent last year. The hudget deficit doubled.

Although Latvia's traumatic episode took it wide off track. husinessmen in Riga are optimistic that growth will return in 1996. The financial sector, the cornerstone of Latvia's economic recovery, appears stronger following last year's consolidation and is eager to reclaim its role as the ex-Soviet equivalent of Zurich. GDP may rise by 3 to 5 per cent this year; and Mr Andris Skale, a businessmen, has formed a government pledged to push ahead with privatisation. Blamed for mishandling its

own crisis, Lithuania's government fell last week, heightening the political uncertainty. A new cahinet formed by the reformed ex-Communists must

prove the banking rescue plan market, giving investors can replenish the sector with-greater access. A stock out overshooting this year 5 20 exchange is belatedly schedper cent inflation target. uled to open on May 31 trading Investors are weary and in five to seven companies. The Estonian privatisation growing pressure from the

Moldova's stock market expands

Moldova's small capital market looks set to expand after the successful completion of a mass privatisation programme two months ago, writes Matthew Kaminski.

With 1,142 large companies turned over to the private sector for free vouchers since 1993, the secondary market will be a good way for many to raise the capital needed to modernise. Mr Victor Chiriac, president of Moldova's stock exchange, expects "not less than 150" companies to join the 18 listed on the market, which was opened in June. More than 95 per cent of the companies on the exchange will

come from the privatisation programme, which helped put some 74 per cent of the economy in the private sector. However, the secondary market will not grow as quickly. Many companies, financially weak and inefficient, might not be able to qualify for the official list.

opposition political parties might force a devaluation. The ousted prime minister, Mr Adolfas Slezevicius, had been the strongest champion of a fixed peg for the litas.

That leaves Estonia, the star economic pupil. Unlike Latvia and Lithuania, Estonia never tried to bail out its eight bad banks. A balanced budget, high capital inflows and hooming trade with the west will again produce economic growth this year, estimated at 4 per cent. A widening current account deficit is virtually the only thorn. Estonia's stable legal and

political climate will soon be complemented by a secondary

hand method, criticised by Deutsche Morgan Grenfell in a recent report for an "unfortunate Teutonic bias" that slowed the creation of a secondary market by selling large stakes to strategic investors. Since 1994, the country has sought to diversify its approach. Minority stakes in Saku, a brewery, and Tallinn's large department store were

sold by voucher, and are traded through the central depository. These companies ought to he the blue chips on the future stock exchange, But the Deut-

agency has finished 11 interna-

tional tenders, using the Treu-

sche Morgan Grenfell report noted that the bigger Estonian companies were likely to prefer to list across the Gulf of Finland on the Helsinki stock exchange, as Tallinn's Hansa

Bank did last year. The Estonian privatisation agency said one last tender for an unspecified number of companies remained to be completed. It will then concentrate on preparing the large electricity, gas and telecommunications companies, and the ports, for privatisation this year.

The fate of privatisation will be closely followed in Latvia, the regional laggard in shedding state enterprises. The new government has announced that some jewels will go up for sale: among the 300 companies expected to be sold are the Lat vian Shipping Company and the state savings bank. A question mark hangs over the Ventspils port, Russia's only Baltic oil gateway with a capacity of 40m metric tonnes a year. The sale of the strategic and profitable port will test the government's political will.

After selling 29 companies by voucher last year, Riga wants to privatise at least 50 this year. The flotation of Unibank quadrupled weekly turnover on the Riga stock exchange to \$28,000. "The next 18 months look exciting," said Mr Karlis Cerhulis, president of the exchange, which opened last vear, trades 21 shares and is capitalised at the equivalent of \$25m. "The only thing we need

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China (24)

indonesia (32)

Korea (23) Malavsia (24)

Pakistan (14

Philippines (14) Thailand (25)

Turkey (26) South Africa (32) Europe (96)

Peru(14) Latin America (112)

is product to trade," he said But the government must prove to sceptical investors that its privatisation promise are not empty once again. As in Estonia, Lithuania's

sell-off scheme has attracted controversy. Its free voucher sales took more than 70 per cent of state companies off the books. Outside capital did not follow. Despite its introduction to international capital markets through December's \$60m eurobond flotation. Lithuania remains the Balt last on a foreign investor's list.

Strategy

come from the Asian

Management.

economies, says Mr Barton

He forecast that the US was

on the edge of a bear market.

that Japan, was undervalued

through the 20,000 level in the

Hang Seng. He also thinks that

and Hong Kong could break

China and India will show

solid growth, and forecasts

that Asian emerging equity

markets would show a return

of about 25 per cent in 1996.

The stock exchange, capitalised at Lt650m (\$163m), trades shares in 350 companies, but not one has qualified for the exchange's official list. Foreign investment has been largely limited to government treasury bills, which will be traded on the exchange, according to Mr Rimantas Busila, director general. A standardised auditing is set 10 come into place only this year and access to financial

Despite the humps on the Bombay The surge last week in the Bombay stock exchange, the

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Actus

-1.73

-1.54 +1.36 -1.25 +4.88 -2.20 +59.22 -0.53

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Week on week movement

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News round-up largest of the country's equity markets, caught analysts by surprise, Reuters reports. The A heavily overvalued US stock market is likely to fall sharply index has gained 21 per cent in over the next 12 months and two weeks, mainly as a result of foreign purchases, and the global economic growth will expectation now is that foreign inflows to India this year will **Biggs of Morgan Stanley Asset** be sharply higher than in 1995, when net foreign portfolio

investments fell to \$1.2bn.

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🗖 Taipei

The Securities and Exchange Commission plans to allow foreign mutual funds to invest in the stock market. The funds are currently banned under a rule stipulating that any fund manager allowed to invest must use only its own funds.

Cairo

Month on month movemen

Percent

+3.28

-0.60 +10.84 -5.02 +1.10 -0.86 +7.80 +3.42

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+5.95

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+5.31

+1.77 +11.20

The Egyptian money market has issued its first pounddenominated bond by a foreign bank, agencies report. Citibank is issuing five-year floating-rate bonds worth E£200m (\$59m) to be traded on the Egyptian stock exchange,

Edited by John Pitt. Further coverage of emerging markets appears daily on the World Stock Markets page.

Year to date moverner

Percent

+5.45

+5.51 +20.79 ~4.45 +3.26

+0.84 +11.11 +11.34

+7.42 +6.67 +27.01

+10.71

+18,40 +10,46 -0,86 +4,79 +17,34 +11,05 +8,09

-7.05

Actual

+12,46

+7.90 +38.69 -8.70 +5.36 +7.24 +118.75 +13.96

+7.27 +7.77 +22.37

+16.43

Sterling takes centre stage

Sterling will he the initial focus this morning as London markets have their first opportunity to respond to the IRA's resumption of its hombing campaign in the UK.

Expectations are that the pound will experience some selling pressure, as it did in New York on Friday after the explosion in London's Canary Wharf, but there is little reason to expect sustained weak-

Arguably a more strenuous test awaits sterling later in the week, with the release on

FT GUIDE TO WORLD CURRENCIES

Thursday of the politically controversial Scott report into the Arms to Iraq" affair.

It is possible that publication of the report will lead to ministerial resignations, placing further pressure on a government already weakened by a waferthin majority.

Elsewhere, markets will be keeping an eye on the meeting today in Bonn of Mr Helmut Kohl, the German chancellor, and his French counterpart,

Mr Alaîn Juppé. No meeting of German and French leaders at present can

be expected to pass without a re-affirmation of the Maastricht schedule. But only some development seriously at odds with this view would interest markets. Later in the week attention

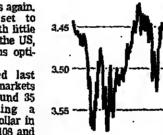
will shift to Frankfurt where the Bundesbank council meets on Thursday. Recent comments have dampened expectations of an early cut in official German interest rates, though a further move on the repo

rate is possible. The council is likely to want to see fresh money supply fig-

ures before cutting rates again. The dollar looks set to remain rangebound, with little scheduled news out of the US, but the market remains optimistic.

A survey conducted last week for the financial markets consultancy, IDEA, found 35 respondents suggesting a median value for the dollar in two months' time of Y108 and DM1.5050.

For the rest of the year, the range of median expectations for dollar/D-Mark was DML40 Source: FT Extel to DM1.5650.



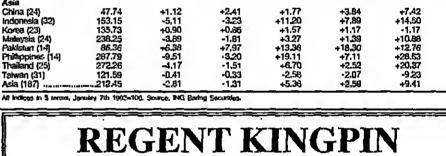
French franc

3.40

Against the D-Mark (FFr per DM)

3.60 1995 96

Talwan (31) Asia (187)



CADITAL MANAGEMENT LIMITED

Poland information is selective. Mr Busila argues that Lith-Flemings has launched the uania offers a great opportufirst closed-end Poland fund nity for investors to take which will invest in quoted companies, IPOs, pre-IPOs and companies intending to obtain equity and rebuild illiquid companies. However, large investors might lack the a listing within a two year patience needed to do that in the Baltic market. period. The Jersey-based fund, with an application to list on the Irish stock exchange, has road to the developed world, already raised about \$30m. the Balts are poised to be the

gateway between Russia and the west small yet lucrative. markets huilt to western standard with an eastern flavour,

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	Alghanistan	(Alghani)	7278.99	4750.00	3215.11	4440.70	Greenland (Drachina) Greenland (Danish Krone)	373.765	\$43,960	165,142	228.083	Pakistan (Pak Rupec)	52,5393	34,2957	23.2135	32.0825
	Amana	(i.e.)	150.356	98,1500	86.4343 36.1441	91.7590 49.9222	Greenland (Denish Krone) Grenatis (E Carlo S)	8,7582	5,7170	3.8696	2.5242	Pagama (Baboai Papas New Guines (IGno)	1.5320 2.0619	1,3459	0.8769	0.9349 1.2583
	Appenta	(Dunar) (French Fr)	81.8077 7.7743	5.0748	3.4350	4.7444	Guadescupe (Locel Fr)	7.7743	5,0748	3.4350	4,7444	Paraguay (Guarant)	3094.84	2020.00	1367.27	1868,47
		(5p Peeeta)	190,429	124,305	84.1377	116,211	Guard (US \$	1,5320	1	0.6769	0.9349	Peru (New Sol	3.6047	2.3530	1,5827	2,1996
	Angola	(Kyennen)	8720.14	5692.00	3852.71	5321.37	Gustemala (Qustrel)	9,4031	8,1378	4,1545	5.7381 932.061	Philippines (Pena) Pitceim is (E Sterling)	40.0322	28,1315 0,6528	17.6875	24.4300 0.6102
	Antique	(E Carlo S)	4.1364 1.6313	2,7000	1.8275	2.5242 0.8345	Guinee (Fr) Guinee-Bassau (Peso)	1527.40	997.000 1 <i>8036.0</i>	674.834 12207.9	18931.6	Proceedings (AC SP	2,2687	7,4808	1.0023	1.3944
	Argentina	(Dentro)	616.0170	402.100	272.167	575.917	Guyana (Guyanaso S)	212,795	138,900	84.0165	129,856	Polond (Zioty)	3.6973	2,5440	1.7219	2.3785
	Aniba	(Fiorin)	2,7423	1.7900	1.2116	1.6736	11-14 (D-1-14)	T	10 - 707	10.0.00		Portugal (Escudo)	236,262	153.570	103,945	143.570 0.9349
	Australia	(Aus St (Schilling)	2,0268	1,3228	D.8953 7.0326	1.2365	Hald (Gourde) Hondunas (Lompira)	24.7876 15.9941	16,1750 10,4400	10.9490	15.1227 6.7602	Puerto Pico JUS S	1.5.20	,	0.6769	
	Azerbalian	(Manat)	6809.739	4445.00	3008.55	4155.56	Hong Kong 04K S	11.8443	7,7315	7 0865	7.2281	Cleanor (Fillyali)	5.5720	3,6410	2.4845	3.4039
	Azonto	Port Escudos	235.262	153.570	103.946	143.570	Hungary (Forint)	216.901	141,585	95.8339	132,360	Reunion is. do is (F/Fr)	7.7743 4825.00	5,0748 3150,00	3.4350 2132.12	4.7444
			1.5320		0,6769	0.9349	toetand (licetandic Krone)	102.016	66 5600	45.0724	63,2540	Romenia (Leu) Russia (Roubin)	0.98910	0.6456	0.4370	0.6036
	Behamen	(Bahema S) (Dineri	0.5776	0.3770	0.2552	0.3525	india (indian Russea)	55.5290	36.9000	24,9763	34.4973	(Ficuble)	7290.02m	4758.50	3220.86	4448.65
	Balcane is	ISD Pesolal	190.429	124_305	84.1377	116,211	Inclonguia (Flupiuh)	3514.29	2294 00	1552.73	2144.63	Reporta (Fr)	337 040	220.000	146.910	205.675
	Bangkicketh	(Taka)	62.0440	40.5000	27 4130 1,3614	37.8629	iran (Ala) irac Araol Dinan	4595.004	3300.00	2030.59	2804.66	Sz Christopher (E Corto S)	4 1364	2 7000	1.8275	2 5242
	Barbados Belarus	(Barb \$) (Bouble)	3.0813 18744.00	2.0113	5281.44	11435.3	inar Anal Direct	1532.00m	1000.00	676,865	010 BRS	St Hotone (E)	1	0.6578	0 4418	0.8102
	Bolgium	(Bolg Fr)	46.5254	30.3700	20.5564	28.3925	Insh Rop (Purt)	0.9722	0.6346	0,4295	0.593	Studa (E Carlo Si	4,1364	2,7000	1.8275	2.5242
	Ball28	(B S)	3.0640	2.0000	1.3537	1.0098	teradi (Shekal) Italy (Ling	4.7834	3,1225 1567,25	2.1135	7.9162	St Plans (French Fr) St Vincenti (E Carlo St	7.7743	2,7000	1.8275	2.5242
	Bermuda	(CFA Fr) Germuckan S	777.430	507.490	0,6769	0.9349	10.14					San Marino (holtan Lira)	2400.95	1567.25	1050.82	1455.20
	Bretten *	(Ngutrum)	56,5290	36.9000	24,9763	34,4973	Jameica (Jomaican S)	57.4500	37.5000	25.3824	35.0582	Seo Tome (Dobra)	2665-24	1759.95	1253.64	1731.53
	Bolivia	(Boomeno)	7.6445	4.9900	3.3776	4.6651 2.6522	Japan (Ven) Jordan (Jordanian Dinar)	163.865	106.965	72.4008	100	Saudi Amina (Riyal) Sanegal (CFA Fr)	5,7457	3.7506	2.5386 343.495	3.5054 474 436
	Botreene	(Pute) (Post)	4,3462	2.8369	0.6622	0.9148	Are peril and period and	1.0000			- mad	Saychalics (Pupce)	7.5849	4.9510	3.3512	4.5286
	Brazil	(Bruner S)	2,1897	1.4163	0.9586	1.3241	Kaztikhstan (Tengta Kanya (Kanya Shilling)	100.132	65.3600	44,2399	61,1041	Skinti Leone (Leone)	1394.12	910 000	615.947	850,746
		. (Lev)	113,706	74,2200	50.2369	69.3872	Kanya (Kanya Shifing) Kinibati (Autoralian S)	08.0857	58,1500	39.3597 9.6953	54,3636 1,2366	Singapore (5) Siovalde (Koruna)	2.1697	1.4163 30.1180	0.8586 20.3858	28.1569
	Bulgaria Burkino Faso	(CFA Fr)	8,9616	5.8498	343.495	474 436 5.4687	Kanag Narth (Mora	2.0268	2,1500	1,4553	2,0100	Slovina (Tolar)	204.841	133.708	90.5023	125.002
	Burunda	(Gurundi Fr)	367,499	259.425	175.696	242.533	Kona South Mon	1195.01	780,450	\$28,259	729.831	Saloman Ia (5)	5.3557	3,4969	2,3687	3,2699
	ECONCE.	dise man					Kuwat (Kuwati Dinar)	0.4563	0.2982	0.2025	0,2797	Someli Rep (Shiling) South Africa (Rand)	4013.64	2620.00	2,4691	2449.40 3 4 103
	Cambodia	(FAcQ	3523 60	2300.00	1556.79 343 495	2150.24 474,436	Laos (New Kip)	1408.44	920.000	822.718	850.094	South Africa (Rand) South (Pesetar	190 429	124.305	84.1377	116,211
	Cameroon	CFA Ph	2.1019	507.480	0.3087	1,2528	Lotes Batel	0.8373	0.5465	0.3699	0.5109	Spanish Ports in N Africa				
	Cantida Contro is	(Canadian S) (Sp Penata)	190.429	124 305	84.1377	118.211	Lobenon (Lobensee Q	2435.00	1590.00	1076.22	1496.47	ISp Paesia)	190.429	124.305	84.1377	116,211
	Cp. Verde	ICV Encudiol	127.110	82.9700	58.1595 0.5606	0,7743	Lebenon (Lobenoe O Lebeno (Adout) Liberis (Liberian S) Libys (Libyan Diner)	1.5320	3.6476	2,4691	3,4103	Sri Lanka (Rupes)	82.2428	53 6850	36,3375	50.1693
•	Cavinan is	CFA Ph	1.2688	507.480	343.495	474,436	Libya (Libyan Diner)	0.5446	0.3555	0.2405	0.3324	Sudin Rep (Dinar)	130.986	85.5000	57.8716	79.9327
	Cent. Atr. He	FA FO	777.430	507,480	343.495	474,430	Liechterstein (Swiss Fr)	1.8505	1.2080	0.8177	1.1293	Surinem (Guilder) Sweetland (Lilensenit	628.120 6.6880	410.000	277.515	383.305
	Chile	(Childen Poso)	627.104	408.350	277.075	382.695	Lithuania (Litras) Luxembourg (Lux Fr)	6.1280 48.5254	30,3700	20.5564	3,7396 28,3925	Sweden (Krone)	10.6499	6.9519	2,4691 4,7055	6.4992
	China	(rum)	12,7298	6 3094	5,6243	950.505	Transfer Barner all					Switzenland (Fr)	1.8506	1,2060	0.8177	1,1293
	Combia	(Col Peec)	583 208	380.665	257.672	355.897	Macao (Patana)	12.2364	7.9872	5.4063 25.7886	7.4871	Syria (D)	54.1908 42.0680	43,9000 27 4735	28.3506 18.5958	39,1717 25,6846
	Congo	(CFA Fr)	777 430	507.480	243 495 133.620	474.435	Macadonia (Denar) Madagescar (MG Fr)	6128-00	38,1000	2707,48	35.5191 3739.54	Talwan (Shiling)	821.151	636.000	362,800	501.099
	Costa Rice	(CFA Fr)	302.432	507.4BD	343 495	474 435	Madeira (Port Escudo)	235,262	153,570	103.946	143.570	Thelend (Bahn)	38.7277	25.2800	17.1111	23,6339
	Cons d'ivoire Crome	Kuntal	8,4109	5.4902	3,7161	5.1327	Malavsia (Ringal)	23.5085 3.9019	15.3450 2.5470	10.3865	14.3458 2.3812	Torgo Rep (CFA Fr) Torga is (Pa'ango)	2.0265	\$07.460 1.3228	343.495	474,436
	Cube	(Cuban Perch	1.5320	0.3895	0.6769 0.3178	0.9349	Manafano in (FiulfAnt)	18.0316	11.7700	7.9667	11.0035	Trinidad/Tobado 50	6.7562	5.7175	3.8700	5.3452
	Cyprus	Cyprus 27	0.7192	27.0610	18.3166	25,2989	Multi Rec ICFA Fri	777.430	507.480 0.3592	343,485	474.435	Turuje (Derer)	1.4807	0.9685	0.6542	0.9036
	Caech Rep. Deciments	(Danish Krone)	6.7582	5.7170	3,8696	5.3447	Molta (Morane Lita) Maranious (Local Fr)	0.5502	0.3592	0.2431 3.4350	0.3358	Turkey (Line) Turke & Calcos (US 5)	96221.0	64115.0	43397.2	59940.2 0.9349
	Dibouti Rep	(Dilb Fr)	245 120	160 000 2,7000	1 6275	2.5242	Mauriania (Local (1)	270.344	737.300	92,9335	128.360	Turdiu (Automation S)	2.0268	1,3228	0.6953	1,2366
	Dominica	(Canto S) (D Pescol	4 1364 20.7260	13,5300	9.1580	12,6490	Meuricus (Meur Pupee)	28.6501	18.7050	12.0008	17.4570					000 000
	Dominican Re Ecuador	D PERON	4485.690	2928.00	1987.86	2737.34	Mexico (Mexican Peeo)	71,4667	7,4850	5.0663 3.4350	6,9978	Uganda (New Shiling) Ukraina (Karbovaneta)	1567.23 287558-2	1023.00 187700.0	692.433 127047.5	955.388 175478.0
		Sucret	4412.160	2880.00	2943.37	2662.47 3 1815	Migunion (Local Fr) Moldova (Loui	6.9783	4,5550	3,0631	4.2564	UAE (Demano)	5.6258	3.6730	2.4861	3.4338
	Egypt El Salvador	(Egyption 1)	5.2135	3,4031 8,7600	5 9293	6,1896	Monaco (French Fri	7.7743	5.0748	3,4350	4,7444	United Kingdom (Q	1	0.6528	0.4418	0.6102
71	E Salvador Equat 1 Guine	Colora	777,430	507 480	313 495	474.438	Mongola (Tugrik) Monjaerrei (E Canta Si	714.938	465,870	315 873	438,253	United States (US \$) Uniquery (Peac Uniquery)	1.5320	7.2400	0.6769	0.9349
	Estonia	(10000)	16.0990	11.6140	7.9965	5.4223	Moreczo (Differn)	13,2365	6.5400	5.8481	8.0774	Variantu (Vatu)	173.605	113.320	76.7023	105.941
	Ethiopia	(Ethiopian Birr)	8.8856	5.8000	3.92.00		Mozambique (Medical)	15166.8	9900.00	6700.96	9255.35	Vetican (Linz)	2400.95	1567.26	1060.82	1465.20
	Contras In	## O	,	0.6528	0.4418	0.6102					-	Venezuela (Soliver) (1	443.705¢ 650.026m	289.626	196.037 287.202	270,768
	Feikland IV Faille IS 1	(Danish Krone)	8.7582	5.7170	3.8596	5.3447	Namabis (S.A. Rend) Naturu (S. (Australian S)	5.5882	3.6478	2,4691	3.4103	Venezuela (Bolivar) (T) Venezuela (Bolivar) (T) Vietnem (Dong)	16671.1	11012.5	7453.97	10295.4
	F0 5	(F# S)	2 1762	1.4205	0.9615	4.3168	Nexal (Napakse Ruped)	87.7070	57.2500	39,7505	53.5222	Virgin Is-Britan (US 5)	1.5320	1	0.6769	0.9349
	Finland	(Maridaa) (Fri	7.0770	46196	3.1268	4.7444	Netherlands (Guilder)	2.6340	1.6541	1.1198	1.5484	Virgin to-US (US S)	1,5320	1	0.6769	0 9349
	France	ICFA Ft	777.430	507.480	343.495	274,436	Nind Antibles (A/Guilder)	2.7423	1.7905	1,2116	1.8735	Watanti Şamon (Tala)	3,8348	3.5031	1 6843	2,3401
	Fr. Cry/Airica Fr. Guiana	flocal Fr	7,7743	5.0748	3,4350	4 7444	New Zeeland INZ S Nicerague (Ciolo Cordoba)	12.3243	8.0446	5.4461	7.5206	Yerner (Ren of) (Rol) (3)	214.480	140.000	94,7611	130.884 (
	Fr. Pacific is	CFP Fri	141.384	92.2872	52.4680	474.436	Nager Rep (CFA Fr)	777.430	507.480	343.485	474.435	Yuqqalavia (New Dinar)	7.460621	4,8700	3,2963	4.5529
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THENS STOCK EXCHAN	IGE Feb 2nd - Feb	9th1996	GRE	ECE
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CAPITAL MANAGEMENT LIMITED (REGULATED BY IMRO) is pleased to announce that the continuing offer of shares, with warrants attached. in
CZECH VALUE FUND (an exempted closed-end Cayman Islands company) has closed with (total subscriptions of)
US \$ 58,133,088 Investment Manager REGENT KINGPIN CAPITAL MANAGEMENT LIMITED Placing Agents ING BARING SECURITIES LIMITED (REGULATED BY SFA)
This announcement appears as a matter of record only. The Financial Times plans to publish a Survey on
I he Humber Ports:
Gateway to Europe on Thursday, March 14.

- he FT is circulated in 160 countries worldwide, with readership in excess of one million people.
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FT Surveys

26		NANCIAL TIMES MOND					
NEW YORK	Richard Tomkins	LONDON	Conner Middelmann	FRANKFURT	Andrew Fisher	токуо	Emiko Terazono
S Treasuries have had a hoppy week, weighed down by tha new securities that hit he market with the Treasury's uarterly refunding auctions. With the bulk falling on the toger end of the maturity bectrum, longer-date curities underperformed the horter end of the market, aving the benchmark 30-year ond yielding 6.094 per cent. Analysts are still optimistic a the long-term outlook. Most i the recent indicators have bointed to a deceleration in conomic activity and a oderation of inflationary ressures, suggesting further the in interest rates. But attention this week will cus on what Salomon rothers describes as a range statistical brew: ng-delayed releases on ctory orders and mstruction spending, a eather-impaired report on dustrial output, and rily-February soundings on uan-store sales and anufacturing activity in the	US Benchmark yield curve (%) [*] 32796 Month app 6.10 5.70 5.30 4.90 10 years 20 30 [*] Al yields are market convention Source: Merrä Lynch Philadelphia Federal Reserve district. Closely watched will be the business conditions diffusion index in the Philadelphia business conditions diffusion index in the Philadelphia business conditions and those reporting a slow-down in February is expected to have remained well below zero for a second month, albeit narrowing to 8 per cent from 16.6 per cent the month before.	After tracking US Treasuries and German bunds in the past fortnight, UK gilts will have a healthy crop of home-grown data to lead the way this week. Indeed, many expect the market to do better than some of its neighbours. "This week's data should see inflationary pressures ease, providing a firm basis for gilts to outperform," predicts Mr Andrew Milligan, UK economist at New Japan Securities. According to Mr Simon Briscoe, UK economist at Nikko, today's producer price data for January should reassure the market. "We expect all measures to show further falls in the annual rates," he predicts. The Bank of England's quarterly inflation report, due on Wednesday, is expected to highlight recent improvements in inflation. Also due are unemployment data for January, which are expected to be broadly unchanged. Thursday's January retail	UK Benchmark yield curve (%) 92.56	The financial markets had some gloomy data to digest last week, with record unemployment and falling orders. Bond prices moved sideways, with contradictory views about interest rates. Some traders argued that dismal jobless figures would eventually prompt the Bundesbank to nudge rates lower. Others took notice of rumours that money supply growth for January had risen so strongly that rate cuts could not be justified. Mr Otmar Issing, a Bundesbank director, warned that January's M3 might be distorted because of the way the calculation method works at the start of the year. Mr Julian Jessop, an economist at HSBC Markets Research, pointed out that the Bundesbank had long argued that the deterioration in the labour market reflected high pay rises last year. "It would not cut interest rates for this reason alone." he said. He expects no change in	Germany Benchmark yield curve (%)' 8/285	A rise in the supply of new debt is worrying some market participants as an increasing number of companies dip into the market for funds. The Bank of Japan is expected to continue to provide ample funds in the money markets at the short end ahead of the rise in dsmand for funds before the March book closing, but long-term yields may face upward pressure from the rise in corporate funding. The expected recovery of the economy has revived demand for capital investment. Many companies are having to raise new funds because equity. linked finance set up in the late 1980s has been affected by the stock market slump. This has prevented conversion of the instruments into equity. Straight bonds from Nissan Motor, Nippon Steel and Orix saw slack sales last week. With corporate financing through equity-linked issues and new equity rising, investors have had less incentive to buy straight bonds.	Japan Benchmark yield curve (%) ⁵ 8/2/96 Month ago 4.00 3.00 2.00 0.5 years 15 20 3.00 0.5 years 15 20 3.00 3.00 0.5 years 15 20 3.00 3.00 3.00 0.5 years 15 20 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.

Government bonds

How to get from Ecu to euro via Emu

-0.5

This announcement appears as a matter of record only.

Source: SBC Warburg

3-mth 1-yr 3-yr

But good news for investors

You have a better chance of Ecu, a currency backed effecbeing struck by lightning than finding an economist who believes Eoropean monetary union will take place in 1999 with the original signatories to the Maastricht agreement. But while bond prices sug-

gest investors expect some form of Emu to take place, the implications of a delay are not clear-cut. There is a particu-larly difficult risk/reward conundrum for investors in Ecu bonds, of which aboot Ecu129bn is outstanding.

A delay to Emu could be negative for Ecu bonds for two reasons, says Ms Phyllis Reed. European bond strategist at BZW, It would open up questions about conversion on a 1:1 basis with the new currency. the euro, and could lead some to believe the single currency would become a dead issue.

"Investors should continue to steer clear of the Ecu market altogether," she says, but adds; "The longer you move down the yield curve, the more you increase the likelihood that, in the end, you will be paid back in hard currency rather than the present private stronger currency than they

1-yr swap spreads tively by nobody."

A two-tier market has develforward rates. % oped, she says, with issues that 1.5 redeem in Ecu because they expire before 1999 trading cheaper than those maturing 1.0 after 1999 and currently due to be redeemed in euro. 0.5

There is a difference of almost 30 basis points in the spread over German paper between pre and post 1999 Ecu bonds. A delay to Emn would mean some post-1999 bonds being redeemed in Ecu, which would be less attractive to investors than euro.

Thus Ms Reed recommends holders of 2001 Ecu paper expecting it to be redeemed in euro to move out along the D-Mark weighting. curve, at least past 2002.

However, Ecu bonds may yet has another slde; horrowers deliver a bonus. First, the face repayment in a stronger currency, which may explain the shrinking size of the maractual Ecu is about 3 per cent cheaper than its theoretical equivalent, making the bonds ket. In the past two years cheaper to buy. redemptions exceeded issuance Second, if the euro arrives

hy Ecn5hn, and in 1996 without the weaker compo-Ecul6.5bn will redeem, accordnents of the Ecu, a 1:1 convering to Paribas Capital Markets. sion rate would result in Ecu Much hangs on the likelibonds being redeemed in a hood of Emu, therefore, and just which countries join.

ORKLA ASA

"Despite the recent negative publicity there are still a num-

ber of people who believe that Versus Germany, spot and implied the politicians might get it pushed through," said Mr Garry Jones, head of global 1999 bond strategy at Paribas. Market pricing would seem to support this view. Mr Steven

Major, head of bond research at Crédit Lyonnais in Paris. said: "I don't think people realise just how much the market is expecting a currency union between France and Germany. Spot 6-mth 2-yr 4-yr Current pricing of the hack-6-yr month Pibor and euro D-Mark contracts is discounting early monetary union between Gerwere purchased in because it many and France." would contain a greater

Over at SBC Warburg, Mr John Hall, head of European economic research, points to the one-year swap spreads (see chart), which show convergence between Germany and France. But if market pricing suggests convergence between France and Germany, why is there such a disparity between the Ecu and Germany?

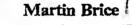
He says: "Something is priced in. The reason the French curve does better is because the market believes

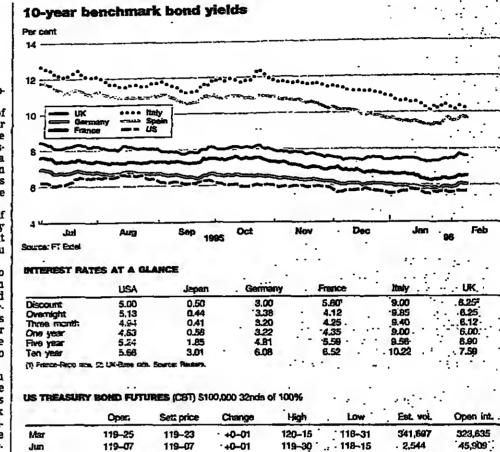
that even if Emu doesn't hap pen. French rates will fall." But he sounds a note of warning: "What is very clear from these charts is that the market is very exposed to disappointment on Emn, and a postponement would threaten the market unless it was

replaced with a very credible Emu process. "We are very sceptical that if there is a postponement, they can convince the markets that the delayed but renewed Emu process would be credible. The recent talk of a delay to Emu has focused attention on the Ecu, and the yield spread over 10-year bunds has nar-

rowed from 89 to 81 basis points in the past week. Mr Jones at Paribas believes there may have been a change to investor perceptions. "There are not too many Ecu bonds out there and with the redemptions due, Ecu assets

will become rarer. Last week we saw the volume of Ecu trading way up on the volumes we were seeing in the fourth quarter of last year," he says.





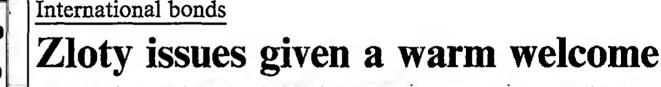
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February 1996

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Multi-Currency Revolving Credit and Guaranty Facility

	Arrangers	
Chemical Bank	Deutsche Bank Luxembourg S.	A. Union Bank of Switzerland
	Load Managora	
Bayerische Landesbenk Girozentrale	Chemical Bank Norge AS	Christiania Bank og Kreditiæsse
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	Deutsche Bank Luxembourg SJ	A.
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US\$460,000,000 Mandatorily Convertible Guaranteed Bonds issued by Henderson Capital International Limited

guaranteed by Henderson Land Development Company Limited and convertibla into shares of Handerson China Holdings Limited (the "Bonds")

Condition 6(a) of the terms and conditions of the Bonds (the "Conditions") states that it was the Intention, eI the time of the issue of the Bonds, of Henderson Land Development Company Limited ("Henderson Land") to cause Henderson China Hokings Limited, ("Henderson China") to effect an Initial public offering ("IPO") of shares of Henderson China (the "Shares") on or before 27th October 1996. Terms defined in the Conditions bear the same meaning in this notice.

Notice is hereby given in accordance with Condition 15 that Henderson Land has today announced a proposal to effect an IPO of the Shares, which are intended to be listed on The Stock Exchange of Hong Kong Limited.

Further Information about the IPO is set out in a circular to shareholders of Henderson Land dated 12 February Furmer information about the IPO is set out in a circular to shareholders of Henderson Land dialed 12 February 1996, copies of which are available for inspection at the offices of First Trust of New York, National Association as registrar and principal conversion and transfer agent at its office at 100 Wall Steet, Suite 1600, New York, NY 10005, Morgan Guaranty Trust Company of New York as conversion and transfer agent at its office at Embankment, London, EC4 QJP and Banque Paribas Luxembourg as conversion and transfer agent at its office at 10A Boulevard Royal L-2093 Luxembourg.

It the IPO proceeds, e further notice indicating the consequences of the IPO for bondholders, as required by Condition 7(a), will be published in due course.

Bondholders should note that the terms of the IPO have yet to be finalised and that the IPO may not proceed.

The CUSIP numbers of the bonds are G4396KAA00 (Unrestricted Bonds) and 424730AA7 (Restricted Bonds). The Common Code number of the Unrestricted Bonds is 4370515. The ISIN numbers of the Bonds are USG4396KAA00 (Unrestricted Bonds) and US424730AA72 (Restricted Bonds).

Henderson Capital International Limited

12th February 1996

	Spurred hy international
	investors' desire for greater exposure to Poland's economic
	boom, the zloty has become the
	latest eastern European cur-
	rency through which borrow-
	ers can tap the eurobond mar-
	ket. The four zloty bond issues
TO SAVE ALL	which have surfaced in the last
THESE TREES WE	two weeks offer investors the
	high yields available on domes-
HELP CHOP	tic Polish securities, with the
DOWN THIS ONE.	added comfort of being cleara-
Т Ф " Ф " П Ф " Ф " М	ble through Euroclear and Cedel and carrying a much
	lower credit risk than Polish
	government debt.
	Since the zloty is not yet
	fully convertible, the bonds'
	coupons and principal pay- ments are denominated in US
	dollars. Apart from that, how-
	ever, they behave exactly like
	zloty-denominated securities,
	tracking the domestic T-bill market, which has staged a
	smart rally in the last two
	months, while exposing inves-
	tors outright to the zloty.
	The European Bank for
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	Sorrower RL Maderby %
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s' desire for greater late January with \$40m of onee to Poland's economic year bonds paying a coupon of he zloty has become the 20% per cent, some 150 basis points below the coupon on astern European curhrough which borrowtap the eurobond martime.

our zloty bond issues ave surfaced in the last eks offer investors the lds available on domessh securities, with the risk and no settlement or comfort of being cleara- credit risks, we were able to rough Euroclear and issue at an interest rate level and carrying a much redit risk than Polish ent debt. the zloty is not yet

onvertible, the bonds' s and principal payre denominated in US driven by arbitrage, it also Apart from that, howey behave exactly like nominated securities, the domestic T-bill which has staged a ally in the last two while exposing invesight to the zloty. European Bank for ruction and Develop-

Polish one-year T-bills at that "By issuing bonds that can be settled through the [US 24 Depository Trust Corporation] Cedel and Euroclear where investors take only a currency 23_ well below Polish T-bills and 221 were able to get very good sub-Libor funding," says Mr Marcus Fedder, the EBRD's deputy

Treasurer. While the EBRD's issue was brought new investors to the Polish market, he says. "Emerging-market funds can ~ and do - buy government T-bills, but our issue opened the market to investors who cannot take Poland's credit or settlement risk. We provide a triple-A rating and safe settlement, and the only risk is the currency - and that's compenwarm welcome from a wide

NEW INTERNATIONAL BOND ISSUES

tors keen on the heity coupons _-·27 the .26 23

- - 1 -T-Bill rate J 20. Jul 1985 96 Source: Chemical Investment Bank

sated by the high coupon." Inspired by the success of the EBRD's offering, ING Bank issued \$50m of 20% per cent zloty-linked bonds and Midland Bank sold \$25m of 20 per cent bonds last week, both with maturities of one year. The International Finance Corporation ventured further along the yield curve, issuing ZI 100m of 18% per cent two-year bonds. The issues have received a

corporates who have interests in eastern Europe and are familiar with managing currency risks, emerging-market funds and fixed-income funds looking for extra yield. While the shallow zloty swap

market is likely to prevent an explosion of supply, bankers say the positive economic environment will fuel continued investor demand, which in turn should encourage more eurobond issuance.

Poland's policy of controlled zloty devaluation means high double-digit coupons on these bonds may be eroded by currency losses. But the country's trade surplus and significant capital inflows should continue supporting the currency as they did in 1995, with only a gradual, small devaluation during the year likely due to inflation, predict economists at Chemical Bank. They expect the zloty to slip by 9 to 10% per cent against the dollar in 1996.

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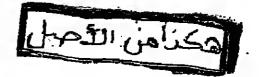
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D-MARKS										_	_	_			
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Dow Jones Industrial Average

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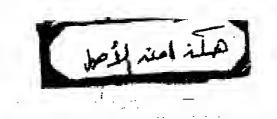
Tony Jackson

LONDON

Investors to

focus on first

annual results



Philip Coggan

FINANCIAL TIMES MONDAY FEBRUARY 12 1996

Verife the state of the state o

NEW YORK

Wall St starts

tricky territory

The equity market starts the week in

tricky territory. It is only three months

since the Dow went through 5,000, and

already it is 10 per cent higher at 5,500.

Last week's Treasury auction - the

higgest in history - produced the lowest yield on the benchmark 30-year

long bond since the series started in

If the bond market is counting on

corporate earnings. Indeed, the strength

of the two markets may be reaching the point where both cannot be right.

The picture of the real economy is

in some sectors at the end of last year

and the reduction of inventories may

have been reversed, but the severe

OTHER MARKETS

difficult to be sure.

reaches an important

settlement on all lts

five-day settlement, the

period favoured by the

options will be traded on all

stocks in the Mib 30 index.

MILAN

month.

contracts

weather early this year has made it

especially murky. The sharp slowdown

recession, so much the worse for

The market went up 3 per cent last

week alone.

the week in

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There is little in the way of The Italian stock market corporate news scheduled for this week to pull the market milestone on Friday when it out of its volatile consolidation moves to full five-day cash of last year's sharp rise. Instead, investors will have approximately 320 quoted to wait until the end of next stocks, writes John Simkins. week for full year figures from It marks the end of a process UBS, which may also provide a which began in January 1994 brief update on the state of with 53 of the least liquid and play of the bank's battle with least traded stocks and is in its dissident shareholder, Mr line with the worldwide trend Martin Ebner. Blue chips have been out of for short settlement periods. Hitherto, settlement in Milan favour in recent sessions. has been at the end of the Attention has turned to stock exchange calendar mid-cap stocks, with domestic and foreign brokers issuing a The intention is to make the series of recommendations. Among the stocks drawing market more transparent and trading less risky. As the smooth functioning of attention have been Kuoni, the travel operator, which has a stock lending market is seen risen by 27 since the beginning as crucial to the success of of December, Adia, the temporary employment exchange has endeavoured to agency, up 27 per cent since provide traders with the mid-January, and Danzas, the freight forwarding company requisite tool kit, such as a framework of stock lending up 20 per cent since the start of this month. Five days has also been the Smaller but still substantial rises have been seen in exchange for the introduction Keramic, the huilding materials and porcelain group, on February 19 of options on almost 8 per cent higher since individual stocks, starting with mid-January; and Schindler, Eni, Generali, Fiat, Stet, Tim and Telecom. Eventually the lifts and elevator maker.

per cent this year.

ZURICH

The first notable announcements of the 5400 results season are likely to grab investors' attention this week, especially as a number of profit 5300 warnings have caused concern about Feb 1996 the rate of earnings growth. The FT-SE Source: FT Exter 100 index fell 1.7 per cent last week, while Wall Street was recording This week will bring some relevant repeated all-time highs. data. The Philadelphia survey on the Leading companies reporting this business outlook, out on Thursday, is week include BP, Reuters, Shell, Hanson, Lloyds Abbey Life and Lloyds likely to show further weakening of business confidence. TSB. The figures themselves will be of The survey will be of especial interest since other data this week - industrial great interest, but even more so the statements on current trading. production, factory orders and business On the economic front, the market will have to absorb the normal inventories - are out of date because of the government shntdown. mid month deluge of data, notably Equally relevant will be any comments on current trading by companies reporting on the fourth quarter, but the bulk of the results season is already over.

The equity market fell back slowly but steadily during the course of last week, and even a 15 basis point cut in the intervention rate on Thursday, bringing it down to its lowest level in two decades, failed to enliven sentiment. While there has been some disappointing corporate news, hardly a surprise to investors, the market's fall seems to have been triggered more by a

PARIS

desire to take profits. The CAC-40 reached an 18-month high of 2,024 at the start of the month, since when it has been back-pedalling. **Results this week include** Bancaire tomorrow, with estimates of a 10 per cent increase in the bank's net profit, and Rousell Uclaf, which is due to publish its 1995 report on Thursday, for which the consensus is for a fall in earnings. AMSTERDAM

Corporata results will continue to provide the motive force for equities this week, with figures due from PolyGram on Wednesday and Royal Dutch and Philips on Thursday. **UBS notes that PolyGram** which has risen more than 10 has already announced flat 1995 profits, because of a

ASFIN

producer prices today, unemployment and average earnings on Wednesday, retail prices on Thursday and the public aector borrowing requirement on Friday, Wednesday also sees the doubling of losses in the film division. But it expects the company to be positive on the 1996 outlook, given its strong release schedule in music. Royal Dutch's full-year figure is expected to indicate a 23 per cent fall in the fourth quarter, to include restructuring charges for head office reorganisation and the sale of Turkish assets. **UBS** expects Philips full-year figures will imply a rise in fourth quarter operating profit of 7.7 per cent. It forecasts that components will again be the strong driver behind profit growth, with an estimated 33 per cent fourth-quarter rise.

HONG KONG

The market is in for a quieter week, with retail activity drying up ahead of the lunar new year holiday from next Monday. Banking stocks are likely to remain in the limelight following the strong performance revealed by Bank of East Asia, the colony's third biggest listed bank, last Thursday, HSBC and Hang Seng Bank, the two higgest banks, report their finals at the end of the month. Brokers expect more warrant issues and cash raisings following last Tuesday's

HK\$5.3bn placement by Cheung Kong, the propert developer controlled by Li Ka-shing. Mr Li's cash raising. which in the past has coincided with market peaks. saw the market trade lower from Wednesday to Friday. The wave of warrant issues intensified last week, and merchant bankers reckon there is still appente for these instruments.

EQUITY MARKETS: This Week

1.850

1.845 1.840

1.835

1.830

1,825

Source: FT E-tel

2

FT-SE-A All-Share index

1,855 ---- -----

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Feb 1996

publication of the Bank of England's

The market's recent tendency has

increasing the chance of an interest

rate cut. But It may be reaching the

point when it starts to worry more

the effect on corporate profits.

not be taken well.

about the likelihood of recession and

Publication of the Scott report into

the sale of arms to Iraq may cause some jitters. The market still hopes the

Conservative government can last into

1997; signs of an early election would

been to welcome weak economic data as

quarterly bulletin on inflation.

dominated trading recently. and a series of mysterious one-line classified advertisements have appeared in some of the morning dailies, writes Emiko Terazono. The advertisements, thought to be codes placed by a stock speculator who moved share prices in the late 1980s, have spurred a flurry of excitement among investors. While the stock speculator has written to leading newspapers and other publications denying involvement, the rally in speculative stocks is likely to continue in the near term. Mr Peter Tasker, strategist at Kleinwort Benson, sees the spate of events as "the end of the long process of asset deflation

Compiled by Michael Morgan

Improving sentiment towards cent to HK\$1.39, and Peregrine China and the weight of overseas money washing into the Asia Pacific region are set to revive the subdued market for international offerings from share issues. China.

International offerings

Prospects brighten for

Chinese H share offerings

Mr Chris Yau, director of

companies, since foreign

Companies in industries

which the Beijing government

In this category, those likely

Some bankers reckon the

SIPD's HK\$2.7bn global offer-

An imprecise edict from Bej-

Protracted talks with the

The consensus among banklow Jingwei in the next six ers in Hong Kong is that four issues will be launched by months are Guangdong Fotao, a ceramics manufacturer which bas prepared all its summer, with smaller capital raisings from companies in paperwork and would be in a government-supported sectors likely to lead the pack. position to move ahead quickly. The HK\$500m issue was

"A lot of uncertainties sursbelved in November as shares rounding China have been in Chinese companies sank to removed, especially on import tariffs and the austerity mearecord lows amid concerns that sures, which will ease this axed subsidies and import taryear. This will enhance the iff reductions would create a prospects for Cbina entermore competitive marketplace. prises, and it will become far easier for them to list," said Mr China Research, says the Peter So, assistant director emphasis will be on good qualwith Schroder Securities Asia. China's overseas equity raisinvestors, having been bitten ing programme began with a on previous issues, are set to bang in July 1993 when Tsing-tao Brewery issued the first H be doubly selective. shares, the name given to the Hong Kong-listed stock of forbas pledged to support mer Chinese state enterprises, energy, infrastructure, materi-Huge sacks were used to cart als and transport - should also receive a positive response. off the applications and Tsingtao's HK\$889m offering was 110.5 times oversubscribed. to be at the front of the queue But by last year the positive include Guangzhou-Shenzhen sentiment had fizzled out, and just three H share issues made Railway, which is understood to have awarded the mandate it to market, reflecting investors' growing disenchantment

to Bear Stearns, with the macroeconomic envimucb-delayed power issues, ronment in China and the quality of the companies comincluding Shandong Interna-tional Power Development ing to market, Poor disclosure (SIPD), could meet a more symand news that some companies pathetic reception this year as were channelling tha listing falling inflation in China will proceeds into non-core activi-ties also annoyed investors. mean improved real rates of return on projects. This year bas already seen

one issue, from Jingwei Textile ing, co-sponsored by Goldman Machinery. The stock was one Sachs and Peregrine Capital, of the cheapest offerings to date: the HK\$1.29 a share price has been on the back-burner since November 1994. tag translates into a price-earning curtailing the rate of ings multiple of just 7.2 times 1995 earnings and 6.3 times return available to foreigners this year's earnings. This comon power projects conspired pares with the 17.9 times prowith concerns over foreign exchange guarantees to cloud spective earnings multiple achieved by Tsingtao Brewery. the sector and chase off inter-Jingwei, sponsored by Pere-grine Capital, issued 160m national investors. shares - 42.11 per cent of the Chinese government on tariff enlarged capital - to raise agreements has also haunted Datang Power, estimated to be HK\$201.6m. When trading kicked off earlier this month, the share price rose 7.75 per seeking HK\$500m and sponsored by Salomon Brothers.

Mr So adds that China's demand for power will conexercised part of its over-allottinue to grow, especially as the ment option. The issue was seen as an encouraging sign government expands the economy and seeks to improve the for the backlog of some 35 H living standards. Among issnes tipped to fol-

Regulations governing the industry also appear to be becoming more clear-cut. "It is quite likely they will come to market this year because if the liquidity that is in the market continues to grow, there will be demand for the power

industry," be says. Consumer related issues are also likely to be popular. Panda Electronics, which has been shunted around a number of merchant banks, is now being arranged by Peregrine Capital and is understood to be raising between HK\$400m and HK\$500m. More complex issues - for

companies bundled up with a raft of assets and welfare-type activities to be stripped out or restructured prior to listing -may well be beld in abeyance for another year, bankers say. The two airlines, China Eastern and China Southern, were originally bound for Wall Street, But the unimpressive performance and volumes of other China stocks traded there means they are now looking at dual listings.

Mr Alex Ko, a director with Peregrine Capital, reckons the trend for all listings is for an international placement with a Hong Kong public offering,

Bankers reckon tbe improved sentiment towards China will help bloat p/e multiples, but they are wary of a blanket approach. Mark Hantho, bead of equity capital markets at Morgan Stanley Asia, points to the 15 per cent yearto-date rise in the index track-ing the performance of the A share companies and the 10 per cent increase in the index for their China listed counterparts, the hard-currency B sbares. China itself, which has two B share markets in Shanghai and Shenzhen, is likely to witness more activity this year, at least partially as a result of government efforts to support the depressed markets and improve their credibility.

Louise Lucas

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The Financial Times plans to publish a Survey on

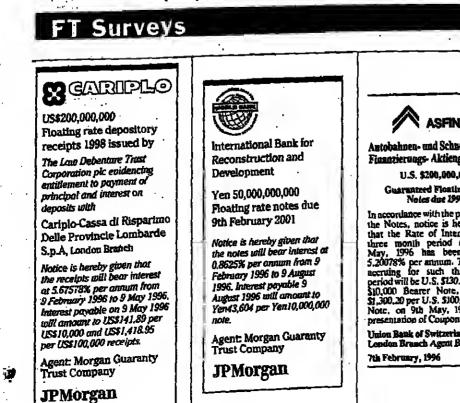
Latin American Finance & Investment

on Monday, March 25.

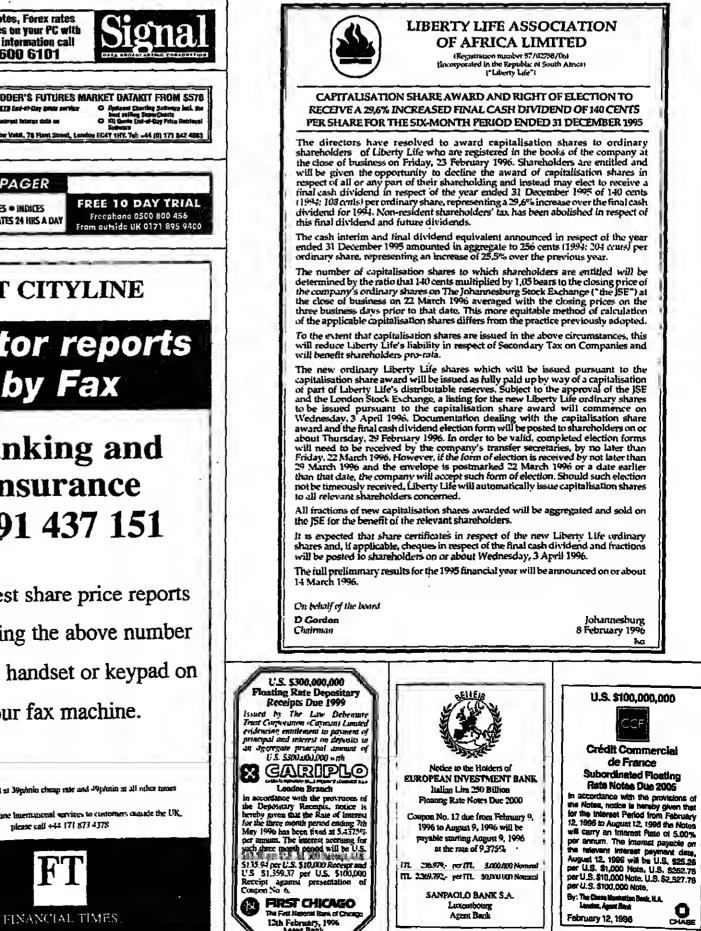
It is not yet clear whether the Mexican financial crisis repr short-term disappointment or a more fundamental setback region's long-term growth prospects. This survey will review th and policy responses to the crisis, and the prospects for investment in Latin America.

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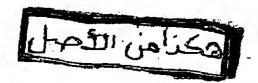
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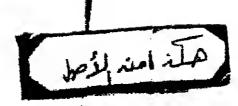
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nhy = 502: Austra Traded, BEL20, NEX Gars, MB Gans, SBF250, CAC40, Euro Tap-100, ISEC Overait, Taronto Comp.Alaptala & + The D. Ind. Index theoretical day's higher and lower as the index term index. Feb 9 : 2436.07 + 23.58. The index in	1070,0 1971,0 +5,9 1974,5 1954,9 889 24,795 2433,0 2443,0 +21,0 2444,0 2405,5 28,645 127,385 2445,5 2454,5 +21,5 2455,0 2418,5 149 47,705 Fab 3, Tahwan Wanghood Phose 4790,035, Korea Comp Er 854,53, Base Values of all in y - 500; Avanta Traded, BEL20, NEX Gan., MB9 Gan., 58,873,0, CAC40, Evo 7 all band CAX - all 1,000; SE Gold - 2577, JSE 26 Indextords - 2644,3; NYSE Au Co	Mar 1432.00 1435.00 1435.00 1435.00 1435.00 1436.00 985 1.740 Mar 21170.0 21060.0 -30.0 21170.0 20940.0 21,859 151,429 Jan 3057525 3247.8 +0.8 3256.0 3228.0 8,107 18,718 Cpm Integets -10.0 2190.0 2190.0 3,185 25,745 Feb 3252.5 3247.0 -5.0 3252.0 3254.0 509 1,871 Cpm Integets tigures for previous day. Ky Feb 3250.0 3254.0 3254.0 509 1,561 Ko Station compare the Anternational Anternatenal Anternational Anternatend A	Stocks Closing Change Stocks Closing Prices on day Stocks Closing Change Traded Prices on day Traded Prices on day Unitsubishi Elect 8.6m Schild of Prices 6.6m Stocks Closing Prices 90 Stock Prices 90 Stock Prices 90 Stock Prices 90 Stock Prices 90





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FINANCIAL TIMES MONDAY FEBRUARY 12 1996

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CURRENCIES AND MONEY

	POUND SPOT FORWARD AGAINST THE POUND	DOLLAR SPOT FORWARD AGAINST THE DOLLAR	WORLD INTEREST RATES
111-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	Feb 9 Closing Change Bid/offer Day's Mid One month Three months One year Bank of mid-point on day spread high low Rate %PA Rate %PA Rate %PA Eng. Index	Reb 9 Closing Cituage Bic/ster Day's mid One month Three months One year J.P. Marga mid-point on day spread high loar Rate %PA Rate %PA Rate %PA index	HONEY RATES February 9 Over One Three Six One Lomb. Dis. Repo night month miths miths yeer inter rate rate
ŎĿĹĔĸĸĸĊĿĸĿĸĿĸĿĊĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸĸ	Austria (Bch) 15.978 15.978 15.978 15.9683 2.3 16.904 2.9 45.2904 2.7 108.1 Berghum (DRG) 6.7582 -0.1384 984 5.13 46.7160 46.4850 46.4154 2.8 46.1904 2.9 45.2904 2.7 108.3 France (FM) 7.0770 -0.0145 666 843 7.1300 7.0060 7.7 7.645 0.7 633.8 Garmany (DM) 2.2333 -0.00245 705 707 7.0778 7.774 2.00245 705 77.0 2.2377 2.2474 2.8 2.044 2.6 110.5 Interant (EV) 3.2400 2.0008 713 2.233 375.233 373.237 2.2474 2.8 4.5104 2.4 2.4 4.5104 2.4 2.4 2.4 2.4 2.5 2.0 2.33 2.2 2.33 2.3 2.4 2.2 3.0 2.4 2.2 3.0	Baropa Aussila (Sch1 10.3899 +0.0059 963 - 834 10.2350 10.3729 1.8 10.2399 1.0 10.2189 1.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10.0	Bedgem 35 314 314 314 314 7,00 3,00 - week app 32 314 314 314 314 7,00 3,00 - reserve 42 42 42 42 42 42 405 - 5,60 week app 314 32 300 330 week app 92 92 92 92<
	Taiwan: (75) 42.0860 -0.1459 761 - 999 42.2914 42.0761 Theland (B) 38.7277 -0.1187 035 - 510 38.8910 38.7035 ? Rates for Feb 0 Biotofile aproads in the Pound Spot table show only the text three decreal places. Forward rates are not directly quoted to the market but are implied by Extribut interest rates. Starting index cabuland by the start three decreal places. Forward rates are not directly quoted to the market but are implied by Extribut interest rates. Starting index cabuland by the Bath to England. Base average 1990 = 100. Index reboted 17.95. Bid, Otter and Mid-tables in both this, and the Dollar Spot tables derived from THE WMWRELITERS CLOCOMC SPOT RATES. Some values are not under by the F.7	Towarn (15) 27.4735 -0.0055 720 -750 27.4810 27.4935 -0.0 27.5325 -0.9 - <t< td=""><td>French Franc 44 44 44 44 44 44 44 44 44 44 44 44 44</td></t<>	French Franc 44 44 44 44 44 44 44 44 44 44 44 44 44
	CROSS RATES AND DERIVATIVES EXCHANGE CROSS RATES Feb 0 BFr DKr FFr DM K L FI MKr Es Pte SKr SFr	ET GOLD MINES INDEX	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
	Destinantic (DKr) 53.13 10 8.876 2.584 1.10 2741 2.893 11.28 268.6 217.4 12.18 2.113 1 France (FFA) 59.85 11.27 10 2.011 1.250 3089 3.260 12.71 302.5 24.48 13.70 2.381 1 Gentamory (DM) 20.58 3.870 3.435 1 0.430 1081 1.120 4.367 103.9 84.14 4.706 0.919 0 Instand (D) 4.786 0.010 7.998 2.328 1 2470 2.607 10.7 242.9 19.95 10.96 10.94 1	149 4.510 3.292 3.52.0 2.646 Sold Moves Index (23) 2352.36 +34.5 58.92 100.00 1.43 - 252.07.3 1686.31 1,42 2,400 1.749 187.0 1.406 Index (23) 2352.38 +34.5 58.92 100.00 1.43 - 252.07.3 1686.31 286 2.704 1.871 210.7 1.583 Index (15) 3337.63 +33.4 18.13 30.26 2.71 37.11 3553.86 272.7.4 1831.2 .029 2.163 1.576 169.5 1.256 Americal (13) 2256.73 +32.1 15.81 59.77 0.66 62.07 2163.3 13.81 59.77 0.66 62.07 2163.3 13.81 59.77 0.66 62.07 2163.3 13.81 59.77 0.66 62.07 2163.3 13.81 59.77 0.66 62.07 2163.3 13.81 59.77 0.66 62.07 2163.3 13.24 15.81 59.77	IN THREE MONTH EURODOLLAR (MM) S1m points of 100% Open Sett price Change High Low Est. vol Open int. Mar 94.82 84.81 - 94.83 94.80 33,954 396,847
	Nethermatic (FI) 18.35 3.455 3.068 0.093 0.384 947.5 1 3.900 92.82 75.14 4.203 0.730 0 Norway (NK) 47.08 8.962 7.866 2.290 0.984 2429 2.564 10 238.0 192.7 10.78 1.873 1 Portugat (Es) 19.78 3.724 3.305 0.962 0.413 1021 1.077 4.202 100. 80.85 4.528 0.787 0 Sprin (Phi) 2.444 4.600 4.083 1.189 0.511 1.261 1.331 5191 123.5 100. 5.693 0.972 0 Swedue (SK) 43.68 8.223 7.300 2.125 0.913 2254 2.378 9.280 220.6 178.4 10 1.738 0	Solution Buside Buside <thbuside< th=""> <thbuside< th=""> Buside<</thbuside<></thbuside<>	Sep 95.34 95.35 +0.02 95.38 95.31 42,509 323,453 III US TREASURY BILL, FUTURES (MMA) S1m per 100% Max 95.34 95.32 -0.02 95.36 95.31 1,973 10,763 Jun 95.63 95.64 -0.01 95.66 95.61 223 7,321
	UK (D) 46.53 6.758 7.774 2.263 0.072 2401 2.534 9.883 235.2 190.4 10.65 1.851 Camada (CS) 22.14 4.167 3.898 1.077 0.462 1142 1.206 4.702 111,0 90.58 5.087 0.881 0 US (S) 30.37 5.717 5.074 1.477 0.634 1567 1.654 6.451 153.5 124.3 6.552 1.208 0 Japan (Y) 28.41 5.347 4.748 1.382 0.593 1468 1.547 6.034 143.6 116.2 6.502 1.30 Lenu 37.80 7.115 6.315 1.838 0.790 1950 2.058 8.028 19.11 154.7 6.652 1.504 0	1 2,103 1.532 163.0 1.231 Lesue Armt Mitt, Close 1.476 1 0.729 77.83 0.585 proce paid cap 1605/86 price Net Day, Grs P/S 6531 1.372 1 106.9 0.804 p up (Dm.) High Low Stock p v/d. cov, yid: net stock 6511 1.263 0.485 100 0.752 p up (Dm.) High Low Stock p v/d. cov, yid: net stock 611 1.263 0.485 100 0.752 p up (Dm.) High Low Stock p v/d. cov, yid: net stock	Sop - 95.75 +0.02 95.78 - 68 866 Al Open Interest Age. We for provide day
	Danish Kroser, French Franc, Norwegian Kroner, and Swedish Kronor per 10, Belgen Franc, Yen, Escudo, Lita and Peseta per 100, III D-MARKIK FUTURIES (IMM) DM 125,000 per DM	- F.P. 13.5 90 71 12 mateix 72 +1	BUSINESSES FOR SALE
	Open Sett price Change High Low Est vol Open int, Ite Permit in New Yeark Mar 0.6785 0.6779 -0.0010 0.6812 0.6758 23,395 74,260 Feb 0	FT GUIDE to WORLD CURRENCIES The FT Guide to World Currencies table can be found on the Emerging Markets page in today's edition.	on Tuesdays, Fridays and Saturdays. For further information or to advertise in this section please contact
	III SWISS FRANC FUTURIES (MMA) SFr 125,000 per SFr 1 pr 1.5150 1.527 Mar 0.8329 0.8308 -0.0021 0.8342 0.8290 9.590 41,729 Jun 0.8401 0.8376 -0.0021 0.8404 0.8360 150 1.637 Sep - 0.8433 -0.0021 - 0.8425 5 161 MARANESE VEN FUTURIES (MM) Yen 12,5 per Yen 200 - 0.0021 - 0.0025 161	RIGHTS OFFERS Issue Amount Latest Closing +or- price paid Berun, 1995/96 price p up deta High Low Stock p	Karl Loynton on +44 0171 873 4780 or Lesley Sumner on +44 0171 873 3308
	Open Sett price Change High Low Est.vol Open int. LONDON MONEY RATES Mar 0.9393 0.9386 -0.0107 0.9430 0.9351 20,944 73.011 Feb 9 Over- 7 days 7 days Jun 0.9502 0.9588 -0.0110 0.9530 0.9590 0.9590 10 733 Intertant Starting 74 - 64 64 - 64 64 - 64 64 - 64 64	One Three Sbr One Cons Three Sbr One month months rear Ma -64, 84, -61, -61, -6	PINANCIAL TOKES
	HI STERRING FUTURES (MM) (52,500 per £ Stering CDs Mar 1.5344 1.5300 -0.0066 1.5370 1.5264 11,824 47,395 Bank Bits 63	1/2 - 6/4 6/2 - 6/2 6/2 - 6/2 1/2 - 6/2 6/2 - 6/2 6/2 - 5/2 1/2 - 6/2 6/2 - 6/2 6/2 - 5/2 1/2 - 6/2 6/2 - 6/2 6/2 - 5/2 1/2 - 6/2 6/2 - 6/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 - 5/2 6/2 - 5/2 1/2 1/2 - 6/2 - 6/2 - 5/2 6/2 - 5/2 1/2 - 6/2 - 6/2 - 5/	
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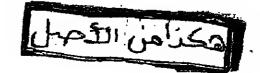
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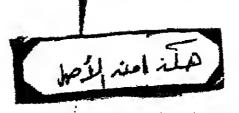
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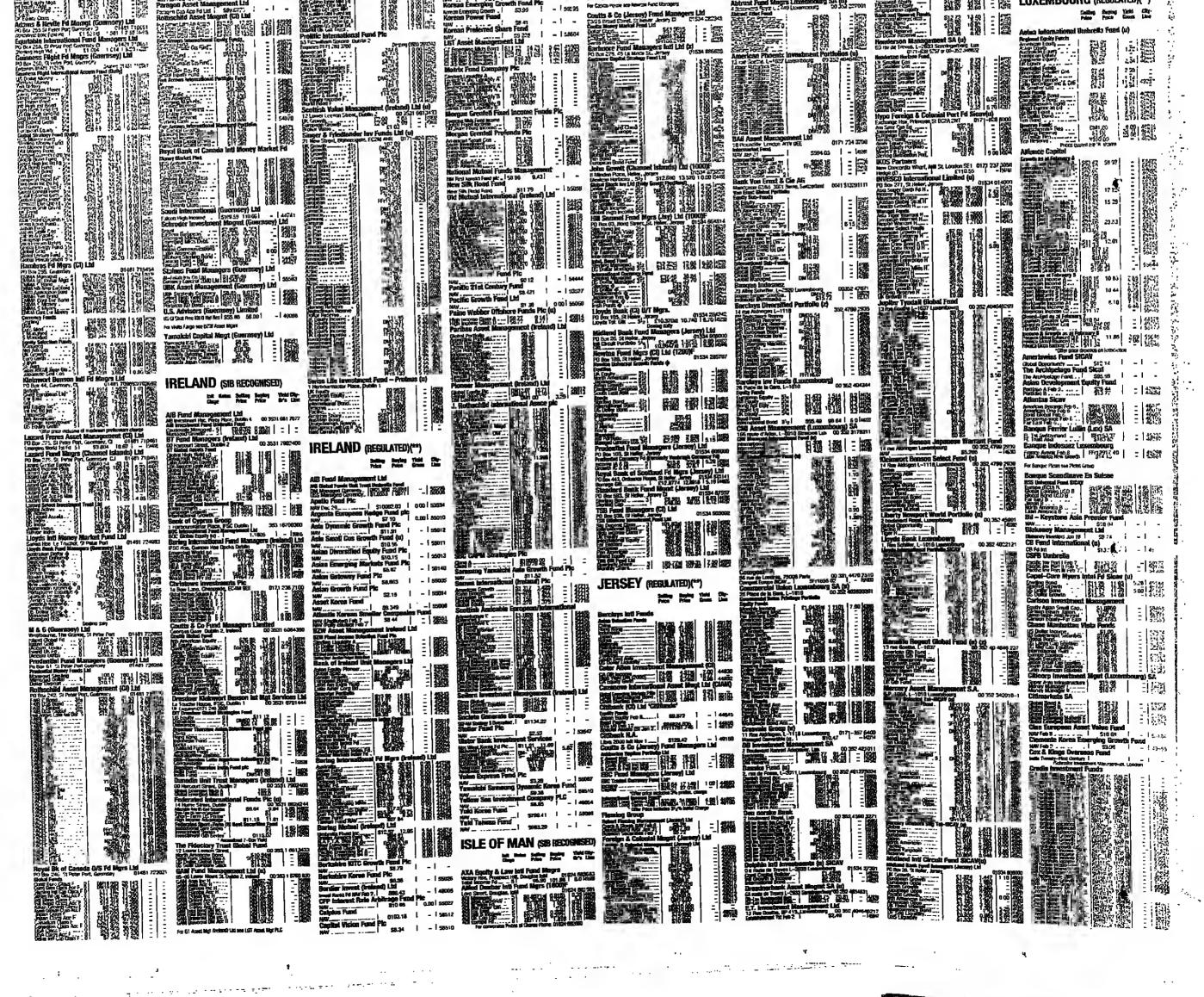
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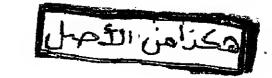
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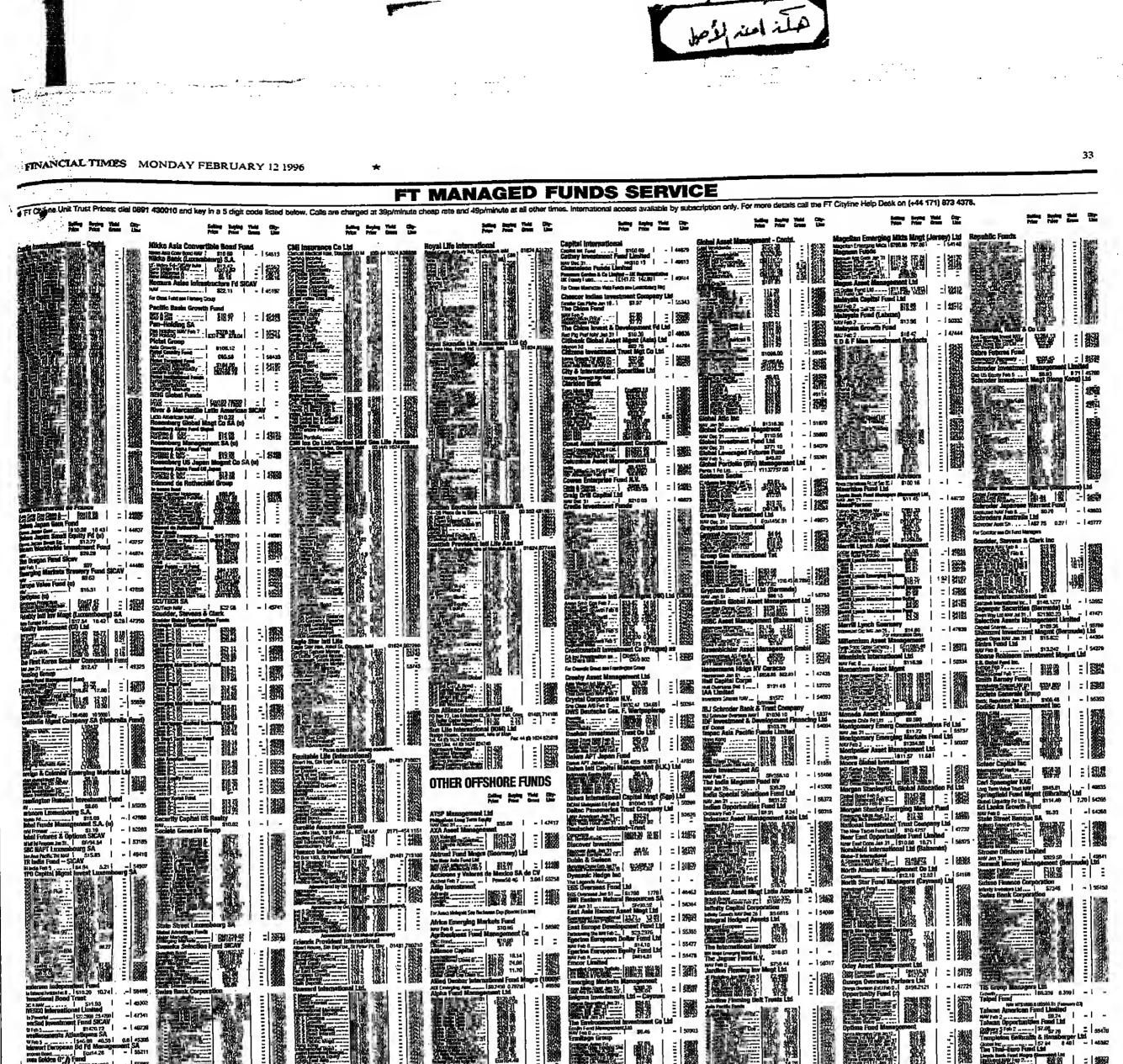
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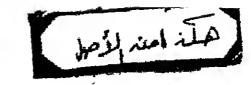
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WEEK E,

MONDAY

Major makes IRA statement

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In the wake of the bomb marking the end of the IRA's ceasefire. John Major, the prime minister, addresses the House of Commons. In Washington, David Trimble, the Ulster Unionist leader, continnes meeting senior administration officials in what was to have been an attempt to enlist support for his planned elective process in Northern Ireland. It was Mr Major's need for Unionist support in the Commons that is blamed by Irish nationalists for his reaction to the Mitchell report and his opting for the election plan. Northern Ireland's constitutional parties are in intensive dialogue.

Republican caucuses in Iowa

The fowa Republican caucuses mark the real beginning of the 1996 US presidential election campaign. Unlike in the Louisiana caucus last week, all the party's candidates are present, with a finish in the top three considered essential for survival into the primaries proper. Boh Dole, the Senate majority leader from neighbouring Kansas, should win but is being pressed hard by publisher Steva Forbes's saturation commercial blitz. Pat Buchanan, Phil Gramm and Lamar Alexander hope to stay close. However, Iowa is not an infallible guide to the nomination.

China-Vietnam trains restart



The first trains linking Vietnam and China in 17 years bead for the Sino-Vietnamese border. The link, which was severed when a brief border war broke

out in 1979, is not complete: passengers from Hanoi or Beijing will have to disembark and walk a few hundred yards over the frontier before resuming their journey. This is because of a minor border dispute and a difference between the train gauges. China hopes for greater access to Vietnam's market of 73m people, while Vletnam seeks to neutralise any strategic threat from its mighty neighbour hy engaging it commercially. Travelling time between the capitals will be 58 hours.

Holbrook battles in Bosnia

In what may be his last Bosnia mission, the US special envoy Richard Holhrook is due to continue his attempts to try to defuse the escalating dispute over the detention of Serb soldiers by the Bosnian government. Mr Holbrook, the main architect of the Dayton peace agreement, is to follow up yesterday's meeting in Sarajevo with top-level talks in Zagreb and Belgrade. He was sent by the US secretary of state. Warren Christopher, who said the mission would send a strong signal that the Daytou accord should be fully implemented. The Bosnian Serbs have broken off relations with the Nato-led peace force, ffor, for as long as the soldiers are detained. Mr Holbrook is



In London, the long-awaited report by Sir Richard Scott on the sale of arms to lead is released

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Turkmenistan-Turkey talks Hopes of reviving a delayed deal to supply gas through a pipeline from Turkmenistan to Turkey are behind a visit to Ankara hy

the president of Turkmenistan, Saparmurat Niyazov. Construction of the pipeline through Iran from Turkmenistan, which has the second largest gas reserves in the world after Russia, failed to start last May because of financial difficulties.

Bowls

World indoor championships, singles and pairs, Preston, England (to Feh 25).

Public holidays

Cameroon, Japan (National Foundation Day), USA (several states).

TUESDAY

China anti-piracy dispute

The implementation of an anti-piracy agreement in China will be discussed hy a team headed by Lee Sands, the assistant US trade representative, and their Chinese counterparts, who will be led by Zhang Yuejiao, of the Ministry of Foreign Trade and Economic Co-operation. The talks will be difficult because of sharp disagreement over Chinese progress towards stamping out the rampant counterfeiting of entertainment and information products. Little progress is expected. The US is threatening sanctions unless China makes greater efforts to implement the agreement, which was made a year ago.

Czech steel rescue effort

A final attempt is made to save the Czech

majority owner, Vladimir Stehlik, is discussing a rescue package with the Skoda engineering group that could see Mr Stehlik forfeit his shareholding to Skoda. Poldi has been in difficulties since Mr Stehlik bought his stake from the government about two years ago.

Yeltsin election declaration

President Boris Yeltsin is expected to fly to his home city of Ekaterinburg, where it is widely anticipated that in two days' time he will declare he is to run again for the Russian presidency, the election for which is on June 12. Mr Yeltsin, 65, whose

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popularity has plummeted following the Chechen conflict and because of his government's tough economic policies. would appear to face an uphill struggle against a resurgent Communist party led by Gennady Zyuganor - who is expected to be nominated the party's presidential candidate at a congress which also meets on Thursday. Mr Yeltsin, who has been in poor health and has been abandoned by many former allies, may yet decide not to run, heeding his wife's counsel.

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MEPs debate television

The European parliament debates controversial amendments to the television without frontiers directive, which aims to tighten restrictions drastically on what European broadcasters directive would also require theme channels, such as cartoon channels, to invest part of their budgets in European productions.

UK inflation report

The Bank of England publishes its latest quarterly assessment of the government's anti-inflation policy. Financial markets will scrutinise the report for evidence that the Bank was overruled when Kenneth Clarke, the chancellor, cut interest rates for the second month running in January The Bank will indicate whether it expects the government to achieve its inflation target in two years' time, providing a clue as to its likely attitude to future moves in rates.

Saleroom

The most important single-owner collection of carpets, tapestries and textiles to reach the market in 50 years begins to be dispersed at Christie's in London. The descendants of Lehmann Bernheimer, who started in the antiques ousiness in Munich in 1864, are disposing of thousands of woven artifacts, many of which were acquired from European nobles in the 19th century. Among the highlights in the first sale are a 15th-century triple medallion Mamluk carpet, which could make £450,000, and a 17th-century Persian "Polonaise" silk carpet from the royal workshop at Isfahan, which carries an estimate of up to £350.000.

Business Travel '96

Europe's only exhibition dedicated to Cipilin And

(chund

Cricket

Start of the World Cup: England v New Zealand, Ahmedabad, India.

FT Surveys European Postal Systems. Conferences, Exhibitions and Travel.



Scott report published

The three-year wait for the conclusions of Sir Richard Scott's inquiry into the UK's arms-for-Iraq affair ends at 3.30pm. The report will judge whether ministers, who relaxed British export guidelines to enable companies to sell arms to Iraq in 1988. misled parliament by failing to inform the House of Commons of the decision and then suppressed information to save embarrassment.

The Labour party opposition is after scalps, with William Waldegrave, the chief secretary to the Treasury, and Sir Nicholas Lyell, the attorney general, looking the most vulnerable. However, the government will not want to sacrifice anyone - leaving senior civil servants to answer the issues.

Alert at Bangladesh polls

Thousands of Bangladeshi troops will be at polling booths for what could prove the country's most tense and violent election day since its liberation from Pakistan in 1971. The poll has been delayed twice in attempts to reconcile hitter differences between Khaleda Zia's Bangladesh Nationalist Party, which took power in 1991, and the three main opposition parties led by Sheik Hasina's Awami League. The opposition has vowed to boycott and oppose the poll, claiming "free and fair" elections will be possible only if Mrs Zia stands down in favour of a neutral caretaker government.

Fameli bid decision

A meeting in Wetherby, west Yorkshire, will decide the fate of the ambitious £1.8bn takeover hid by Farnell Electronic for Premier Industrial Corporation of the US, which would create the third largest electronic component distributor in the world. The deal, which involves the UK group issuing shares and taking on a lot of deht, has split shareholders.

Carnival in Rhineland

Carnival in the Cologne area moves into top gear as offices close for Weiberfastnacht, the ladies day on which maidens and matrons take to the streets with a licence to prey on men, normally by chopping off their neck ties. Festivities go on in the Rhineland until Ash Wednesday.

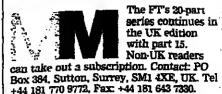
16

FRIDAY

Former Italian PMs on trial

Hearings resume in Milan in the trial of Silvio Berlusconi, the media magnate and former Italian prime minister, who is among 11 defendants accused of bribing financial police. In Palermo, meanwhile, the trial resumes of another former prime

Mastering Management



FT Survey

European Stock Markets.

Public holidays Bangladesh, fvory Coast, Lithuania,

Taiwan (stock market, to Feh 17).



Clinton in New Hampshire

President Bill Clinton joins the Republican field in New Hampshire, ahead of the Feh 20 primary. He is unchallenged in the state where he finished a strong second in 1992.

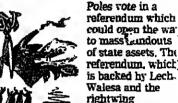
Rugby union

Five nations' championship: France v Ireland, Paris; Wales v Scotland, Cardiff.

Public holidays Bangladesh, Mauritius, Nepal, Sri Lanka.



Poles vote on privatisation



could open the war to mass hundouts of state assets. The referendum, which is backed hy Lech-Walesa and the rightwing opposition, asks if

people want to be given shares in state property. The opposition argues that the government's privatisation policies serve merely to enrich the former Communist nomenklatura. Polls suggest the turnout could be lower than the 50 per cent level required. This would be a relief to the government, which says there are too few assets to go around and that they should ... be floated on the stock exchange.

Kohl visits Russia

Germany's chancellor, Helmut Kohl, flies to Russia for a three-day visit to Moscow and St Petersburg at the invitation of President Boris Yeltsin. The German leader will discuss economic co-operation and try to soften Russlan hostility toward. the planned expansion of Nato to include : former Communist countries from easterr. and central Europe. Mr Kohl is anxious that Nato enlargement should not become. an issue in the Russian presidential election campaign. His visit follows a three-day visit to Moscow by the French prime minister, Alain Juppé, who meets Mr Kohl at the start of the week.



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s mancially stricken point Ocel one of its three main steel plants. Poldi's | services such as tele-shopping. The

Dec producer price indx'

Jan Atlanta Fed Indx

Jan consumer price indx'

Jan Tokyo dept store sales"

Dec export prices

Dec import prices

Jan unemployment

Dec factory orders

Dec factory inventor

Dec durable orders

Dec average earlings

Dec unit wages 3-month

4th qtr employ cost indx, civilian***

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is to ex Tatel Design Centre, London (to Feb 16).

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Other economic news				Statis	tics to be	released	this we	ek.
Monday: UK producer price data is expected to show a	Day Relettood	Country	Economic Statistic	Modian Forecast	Previous Actual	Day Refeased	Country	Economic Statistic
smaller rise both in manufac-	Mon	Gemeny	Jan final cost of Iving, West"	-	0.3%		US	Dec durable shipments
turers' costs and in factory gate prices last month than in	Feb 12	Germany	Jan final cost of living, West"	-	1.5%		US	Feb Philadiphia Fed indu
December.		Germany	Jan thi cost of living, pan-Germany	•	0.3%		US	Dec wholesele trade
Tuesday: The Federal Reserve Bank of Atlanta will		Germany	Jan ful cost of living, pan-Germany		1.8%		US	Jan monthly M1
publish its measure of husiness		UK	Jan producer price indx input"	0.1%	0.4%	·	US	Jan monthly M2
activity. The British Retall Consortium's sales monitor		υĸ	Jan producer price indx input"	4.4%	5.6%		US	Jan monthly M3
will provide a further indica-		UK	Jan producer price indx output"	0.5%	0.8%		US	hitial claims w/e Fab 1
tion of trading conditions on UK high streets last month.		UK	Jan producer price Indx output"	3.6%	4.3%	· · · · · ·	Japan	Dec Industrial productio
Wednesday: UK labour mar-		UK	Jan PPI ex-tood, dhink & tobacco**	3.6%	4.3%		Japan	Jan overali wholesale pr

Wednesday: UK labour mar ket statistics are expected to show another drop in unemployment last month. But annual average earnings growth is thought to have plcked up in December. US December import prices are thought to have risen more than export prices.

Tbursday: Economists expect UK retail prices to have fallen last month. Japanese industrial production is thought to have risen again in December. US factory orders are predicted to have increased further in December.

Friday: Figures on UK public sector borrowing are expected to show a repayment in January. US industrial production is forecast to have fallen last month, easing capacity constraints.

ACROSS 1 Bound to get away before one's children (9) 6 Of clear age but not a wrin-blot (5) 1 Dismissed ruler is abot (5) 2 Devotee cast it adrift, which is incredible (9) 3 Full stop put to one US state publication (10)
4 Brown isn't prepared to come round for the moment (7) kie! (5)

- 9 Lawrence and not a singer (5) 10 Text you sound engineers get from the Bible? (9)
- 11 Just not expensive (10) 12 Elegance from which I could benefit (4)
- 14 Loyalist Irishman embraces
- (4)
 7 After party Hugh goes topless for money (5)
 8 Drills ruler and cuts away
- Loyaust Irishman embraces three people (7)
 Guides cried when turned out on a back street (7)
 Fruit supplier made love to cleaner in some way' (7)
 Avoids flights (7)
 Team returns holding live grant (4) outside (9) 1a About a hundred pigs snore badly, requiring treatment

- 20 Team returns holding live goat (4)
 22 Something a man may wear during retirement? (10)
 25 Stress former husband's first to get additional rooms (9)
 26 I had backed nothing here (5)
 27 Leaflet of model farm vehicle is returned (5)
- is returned (5)
- 28 Always immature yet never lacking in popularity (9)
- 14 Weirkhown pair mention relocation (9)
 18 Charm engaged in bringing prisoner round (9)
 18 Determine to imprison one for killing a god (7)
 19 Two points he can possibly add to (2) add to (7) 21 Divorcee with skill reversed a bit more (5) 23 The point of growing things?

 - 24 At last you can stand one (4)

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0.3%	US	Dec durable shipments		unch ·
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0.5%	US	Dec wholesele trade	•	0.4%
1.8%	US	Jan monthly M1	-\$5.4bn	-\$4.2bn
0.4%	· US	Jan monthly M2	\$15.8bn	\$17.2bn
5.6%	US	Jan monthly M3	\$30.0bn	\$14.4bn
0.8%	US	Initial claims w/e Feb 10	375,000 ·	
4.3%	Japan	Dec Industrial production† ·		0.8%
4.3%	Japan	Jan overall wholesale price indx*	0.3%	0.0%
-0.2%	Jepen	Jan domestic wholesale price indu		-0.7%
0.6%	UK .	Jan retail price Indx"	-0.3%	0.6%
2.7%	UK	Jan retail price indx**	2.9%	3.2%
-19.9	UK .	Jan RPI ex-mort ge int payments"	2.8%	3.0%
2.1%	Fri US	Dec construction spending	-0.5%	0.5% est
10.9%	Feb 16 US	Jan Industrial production	-0.8%	0.1%
0.3%	US	Jan capacity utilisation	81.9%	82.8%
-0.2%	US	Feb Michigen sentiment prelim	-	89.3
0.2%	US	Nov business inventories	0.2%	.0.7% TOV
-1.7%	UK	Jan public spend'g borowing req	-£4.5bn	£1.04bn
7,900	During the week			
3.26%	Jepen	Jen trade bet (oustoms cleared)	\$0.7bn	\$2.6bn
4.0%	Germany	Dec retail sales, real"	-1.5%	1.0%
0.5% est	Germany	Dec retail sales t		2.0%
0.5% est	Germany	Jan wholesale price inck	0.2%	0.2%

MONDAY PRIZE CROSSWORD No.8,991 Set by GRIFFIN

A prize of a Fellkan New Classic 380 foundabn pen for the first correct solution opened and five runner-up prizes of £35 Felikan vonchers will be awarded. Solutions by Thursday February 22, marked Monday Crossword £991 on the envelope, to the Financial Times, 1 Southwark Ender, London 551 9HL. Solution on Monday February 26. Flesse allow 28 days for delivery of prizes.

Address Winners 8.979 Solution 8,979

A.C. Chitzis, Southempton S.A. Clark, London E16 D.A. Herbert, Glenfield, Leices ter A.D. Jones, Loughton, Milton Keynes E.W. Michailef, Balzan, Maltz J.W. Pratt, Newcastle upon Type

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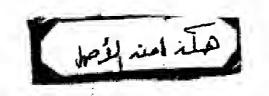
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MANAGEMENT

hen managers at East London Bus Company were working on plans for an - ultimately unsuccessful - managemant huyout of their company in the early 1990s, they used the threat of a takeover hy the Stagecoach bus group to impress upon staff the need for cost savings.

12

Stagecoach, which earlier this month became the first bus company to start running trains on the privatised rail network. has a fearsome reputation in the bus industry for aggressive competition. It also has the dubious bonour of having been the subject of more Monopolies and Mergers Commission investigations than any other com-

The company bas prospered in the cut throat climate created by the deregu-lation of the bus industry outside London in the mid-1980s. Cut-price operators began running clapped-ont buses minutes ahead of rival services on the lucrative city centre routes, abandoning evening and weekend

With every prospect of Stagecoach becom ing a significant operator of train services it could play an important part in determining the shape of both rail and bus services over the next decade. It has acquired South West Trains and announced its intention of bidding for many of the remaining 22 franchises to be sold.

Stagecoach was set up in 1980 by Brian Souter, an accountant and son of a bus conductor, and his sister Ann Gloag. It has grown into Britain's largest bus company with turnover of £340m and 13 per cent of the total market.

A stock market flotation in 1993 provided the Perth-based company with the means of financing a burst of acquisitions, allowing it to spread its tentacles from Inverness to Brighton. Despite Stagecoach's frequent clashes with the competition authorities there is oo sign of the spending spree com-ing to an end. At the end of January it paid £41m for GM Buses South, the south Manchester bus operator.

This rapid expansion has proved controversial, even by the buccaneering standards of the deregulated bus industry. By exploit-ing a loophole in the regulations, Stagecoach swooped on Darlington, running a free bus service and forcing the town's municipal bus company into liquidation. Smaller bus companies complained to the Commons transport select committee last summer about Stagecoach's bullying tac-

Souter's response to these criticisms has been that only his competitors and the competition authorities have complained and uot his customers, who have been given improved bus services. He points to more modern buses - the company has ordered 1.500 new buses in the last four years - and to more frequent services in many previously poorly served areas.

Stagecoach's aggressive approach makes sound commercial sense, according to Peter Huntley, a bus industry analyst with the TAS Partnership. "Your territory is your principal non-financial asset and the only way to keep control of it is to give the impression you will hold on to it vigorously and aggressively. Stagecoach has done just that.

Just how Stagecoach does operate is demonstrated by the experience of the East London Bus Company which, despite the efforts of its managers, succumbed to a Stagecoach bld in September 1994. Stagecoach also acquired the Sonth East London and Kent bus company (SelKent) as part of the sell-off of the London bus companies.

Many savings had already been made as part of East London's preparations for pristaff, wb

The aggressive bus group could play a key role in determining the future shape of train services, says Charles Batchelor

Stagecoach moves on to the rails



ties such as cleaning were contracted out. But what has surprised Roger Bowker, East London's managing director and his three fellow directors, who were all kept on by Stagecoach, was their new owner's willingness to invest. East London had been renting unsuitable offices in the centre of Ilford hut was encouraged by Stagecoach to buy smaller, more efficient premises with a small shop front which sells tickets, sourcenir T-shirts and mugs, and provides passenger information.

If the buy-out had succeeded it is unlikely that the company would have had the funds to spare it

coach before but we found that our philosophies were similar," says Bowker. Tough action on costs was accompanied by efforts to retain staff loyalty through a company pension scheme, a profit-sharing arrange ment and a sbare scheme.

Although a Stagecoach director, Brian Cox, is executive chairman of East London, the company's management has a great deal of freedom with day-to-day operations. Stagecoach does not create boards of directors for its individual subsidiaries.

Wa have less paperwork to deal with than when we were under London Transfinance director. "Stagecoach is more manages bus companies in Hampshire, focused on results while LT would want to West and East Sussex and Kent. Stagecoach analyse why we had spent 3s.6d." Stage-coach draws up its budget plans on three sheets of paper, whereas LT had a one-inch thick book of rules. Simplicity is the keynote of Stagecoach's

Dressing up and dressing gown

operations. "We started small so we don't have departments to bandle matters such as the press or human resources," says Derek Scott, Stagecoach's financial director. Stagecoach's beadquarters is a house in Perth with a staff of 30. Ideally a company of Stagecoach's size should only need 10 people in head office, but the company manages its pensions administration and its insurance scheme in-house.

Managing the company's ever-expanding empire is achieved by creating a network of regional centres running several bus companies. East London in liford handles SelK-West and East Sussex and Kent. Stagecoach has 10 regional centres for 23 subsidiaries but can probably remove one or two of those, says Scott. Individual companies are trimmed or in the way the business is run. This may expanded, sometimes by swapping routes

with another nearby Stagecoach company, to reach an optimum size of between £15m £20m turnover and around 300 buses. "Bigger companies tend to become inefficient while smaller ones cannot spread their overheads far enough," says Scott.

The running costs of new acquisitions are reviewed within the first few weeks. Supply contracts can be renegotiated quite quickly. Stagecoach expects to achieve average stagecoach expects to achieve average savings of 1.5 per cent because of its supe-rior purchasing power on items such as spare parts, tyres and engine components. In the 1980s when Stagecoach was a 25m turnover company it still managed to buy its diesel fuel more cheaply than London Transport, claims Scott. Further savings are achieved by standardising the specification of the new buses.

Stagecoach also has a keen eye for the value of city centre bus depots and office sites. It denies that this is asset-stripping, saying that the proceeds are invested in new bus fleets. It paid £2.2m for the Hampshire Bus company in 1987 but then sold a surplus depot in Southampton and bus operations accounting for 40 per cent of turnover for a total of £4.4m, retaining the profitable 60 per cent of the business.

The Ribble bus company was making a loss of £200,000 on turnover of £29m when it was bought hy Stagecoach in 1989. Stage-coach sold some of its operations in Manchester, shedding £7m of turnover, and moved a further £4m of husiness into its own Cumhrian company. Ribble is now making profits of £200,000 on turnover of E19m. says Scott.

With one of the largest costs of a bus company in its wages bill, Stagecoach makes a priority of reorganising wage struc-tures. Traditionally basic rates have been topped up with allowances, which makes payroll management very complex. Stagecoach aims to have a single hourly rate negotiated within individual companies or

sometimes garages. At East London drivers work flexible shifts to increase the amount of the working day they spend driving. "It is not true that we pay less but we do make drivers work a full shift," says Scott. In most companies there is a profit-related element to

After the free-for-all in the unregulated regional bus markets, ownership of two London bus companies has given Stagecoach experience of operating in a more controlled market - experience which could prove valuable with its move into operating rail services. But a problem for a company like Stagecoach is that rail franchisees can only influence 40 per cent of their costs because the track, stations and rolling stock are owned by other companies in the rail industry, one stockbroking analyst points out. This puts the emphasis on reducing the wage bill.

There will have to be job reductions at South West Trains although it will not be among drivers or people dealing with customers," says Scott. "It is the people who are out of sight whose functions have to be

challenged." This will not be easy. The rail unions are likely to prove a tougher proposition than unions in the bus industry, where companies such as East London had already negotiated many of the necessary change Stagecoach's amhition is to build a network of rail franchises so that, just as on the buses, costs can be shared and best practice spread throughout the group. But this will represent a considerable challenge. The franchises may come cheap - South West Trains cost a nominal £1 - but franchisees are required to put up capital equiv-

FAST TRACK Elekta

imagine a day when a surgeon in London will be able to operate on a patient in Kuala Lumpui, belped by a consultant in Moscow. The stuff of science fiction? Not if groups like Elekta have anything to do with it. The Swedish group is at the forefront of efforts to make robotic surgery a reality in a

few years' time. Elekta belongs to one of the most exciting spheres of the Swedish corporate firmament the medical equipment sector. Its record of organic growth readily stands comparison with that of its peers. Turnover has risen steadily from SKr201m (£18.7m) five years ago to SKr699mi in the year to April 1995. Pre-tax profits over the same period have jumped from SKr23m to SKr86m.

The group's best-known roduct, and the foundation of its early success, is the Leksell Gamma Knife. This device, ses precisely targeted, high-dose radiation to treat tumours and other disorders deep inside the brain, often beyond the reach of conventional surgery. The precision and level of concentration differs from normal radiation treatment. says the company, and means diseased cells can be eradicated without damaging surrounding healthy tissue. A big advantage is that a hole does not have to

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be bored into the skull. Laurent Leksell, Elekta president, says the treatment is less traumatic than conventional surgery and hospital stays and convalescence

periods are shorter. But he acknowledges that the machines – costing \$3m (£2m) each – represent a sizeable

investment. And he accepts that some surgeons still have some reservations about the gamma knife methodology.

Despite this, sales of gamma knives have grown, helping to give Elekta a worldwide basiness reach in a remarkably short time. The group is active in around 60 countries, with the **US and Asia the most important** markets. Apart from the gamma knife, which accounts for 60 per cent of revennes, Elekta specialises in stereotaxis (a

system of fixed co-ordink les that a surgeon to identity point in the brain and then reach it), surgical instruments and image guidance systems. Leksell is the son of the group's founder, the late Lars Leksell, who started the group in 1972. Voting control remains with the family, although the group has been listed on the Stockholm Stock Exchange since 1994. Leksell says the company will stress organic growth, backed by extensive collaborations with universities, clipical research institutes and other companies. Work on different image guidance tools, for example, has been developed together with Canada's ISG Technologies and the French group DecMed. The emphasis will remain on the brain and the central nervous system. Future growth will come not just from new products and new markets, says Leksell, but also from new applications for existing products. Indeed he hopes that one day the gamma knife can play a role in helping to eliminate disorders such as epilepsy, the cause of which is today invisible to traditional X-rays. "Think of the samma knife as a rifle," be says, "The better the binoculars we have the more accurately and effectively we can use it."

worked 36 hours a week, were working 42 bours a week for the same wages, and two bus garages had been closed - but Stagecoach pushed for more economies. Two layers of supervisors were taken out at the company's remaining six garages leading to a further 60 job cuts and subsidiary activiencouraged East London to invest in new vehicles. Twenty-seven new buses were bought last year and a further 26 are on order. Success in bidding for bus routes now depends on being able to offer new buses

"We didn't know anything about Stage-

alent to 15 per cent of turnover. And for all Stagecoach's experiregulated London bus market, it will have to adjust to the far greater degree of supervision on the railways. The franchising director, the rail regulator and the safety authorities will all have a considerable say not suit a free spirit like Souter.

driven by a man simultaneously

engaged in typing was not a one-off.

changing dress habits may stem in

pbysical recreation in search of

what my local gym promotes as

(It is not uncommon to observe women, striding about their busi-

swimwear are now acceptable street

'buns of steel".

"I was almost sideswiped by some

Christopher Brown-Humes

s a newly fledged early bird, I have yet to grow used to starting work before dawn in my bome office while the backyard coyotes are still yip-yipping in pursuit of gopber-snacks

As may be imagined. I am often to be found hunched over this damned keyboard in pyjamas or less. All the more comforting, then, to bear that the relaxation of office dress codes is proceeding apace in the US. San Francisco's Levi Strauss bas come up with the rivetting revelation that dress-down Friday bas evolved into an everyday affair at 33 per cent of all US companies.

In 1992, when 20 per cent of companies allowed casual dress at all times, 37 per cent were sticking strictly to the suit, tie, skirt and blouse convention. That figure has now slid to 10 per cent.

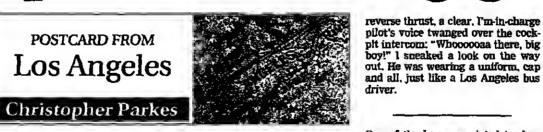
Extrapolating on the gleanings from a phone poll of 504 human resource managers (why not 501?) the world's biggest apparel company has come up with the prospect that by the end of the decade, half of corporate America will be sloping around the office and plant in casual businesswear Levi Strauss's discovery of a

whole new market segment has so excited its marketing people that they have lost their command of the English language. "This growth would represent an additional 28m wearing occasions for casual clothing every week." it says.

Reported merits include the recommended alleged perception among job-seekers that relaxed dress codes count as a perk, and managements' view that jeans and tennis shoes make for improved productivity

For the record, women seem more restrained than men, who tend to favour khaki pants worn with polo shirts and leather shoes. Not a mention of pyjamas, but watch this SDace.

lover would care to settle down at the back . . . " she announced to a To experience the relaxez-vous revo-



737-full of swivelling heads. "And lution at its known limits, a trip with no-frills Southwest Airlines is since we'll be flying above 25ft, I'd

lts ground personnel, clad in a mixture of crumpled shorts, baggy trousers and faded beige/red polo shirts may be a rag-bag, but they certainly put a hrave face on the travails of the regional specialists. I encountered Fern, a gabby cahin person of a certain age, on a recent bop from Phoenix to LAX. Her devotion to communication - to my mind the most necessary skill in flight - impressed.

like to tell y'all something about the safety procedures on this here aircraft," she added, beaming at the rows of attentive faces. After introducing "tha Wright

brothers" in the cockpit and com-pleting her spiel with advice on putting "this here oxygen mask over your big mouths and noses", she bad her passengers positively looking forward to Southwest's luxurious peanut luncheon. Later, as we lurched and clattered

"If my ex-busband and his new across LAX's rutted runways, in that moment when travellers turn silent as the engines blast into full

boy!" I speaked a look on the way doofus in a Honda pecking away at a laptop perched on his steering out. He was wearing a uniform, cap and all, just like a Los Angeles bus wheel," he writes. driver. At least in southern California,

One of the less-appreciated tendenpart from the almost obsessive, cies among southern Californians is practically constant indulgence in a devotion to work far more pronounced than many other Americans are prepared to admit. Life in Lalaland may be lived very much on the move, but it is not all lotus-to-go. This is the city ness making exaggerated arm and where the concept of the car as an extension of the home was born and hip movements, muttering the mantra: "I must improve my hust.") As a result, variants on all forms of track, field, gymnasium and even

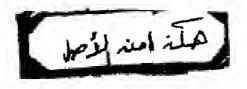
has snawned car accessories to facilitate eating and, increasingly, working on the go. Multiple power points routinely power all sorts of small appliances: even lap-top com-Duters.

I am grateful to a local newspaper correspondent for confirming that my recent sighting of a sedan

clothing for every age group. For-mer "casual" gear looks positively smart, and the suits and skirts of yesteryear are more and more the exclusive preserve of hotel staff . . . and contrary teenagers.

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BUSINESS EDUCATION

As students consider which MBA course to study, Della Bradshaw examines how to make a choice

Money clarifies masters maze

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A. SANS DIT DEBUT

ness education is undoubtedly the maser of business administration But a surge in demand for MBAs has resulted in a myriad of courses and many a confused, would-be student unable to decide which to choose.

Thousands of students preparing for autumn courses are now faced with the question: Which is the best course for me? At the end of the day it is hard to escape the fact that the deciding factor is money. "The first question is 'Are

there when a new will be able to a 2 patient in find a spatient in the constance of the corporate find and the spatient in the spatient is press. Turning is a spatient in the spatient is the spatien you rich?' If the answer is 'yes' you should shoot for only two chools," believes David Norburn, director of the manage-ment school at Imperial College London. Those two are Stanford and Harvard, hoth two-year courses in the US, because they have the "hest alumni leverage and brand

But you need to be seriously rich. Two years of course fees, living expenses and the cost of ices profits over the not being employed will cost more than £100,000. For those with more modest

ambitions money will still be decisive in the choice of a full-time, part-time, or distance learning course. But whatever

ne most sought after qualification in busi-gualification in busi-- most advisers agree on some basic guidelines. Look at the quality and repu

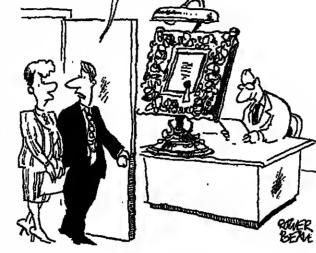
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tation of the school. In the US, where league tables are a way of life, rankings are one way to do this. In the UK the Higher Education Funding Council for England has gone some way to rank schools by awarding them grades for their teaching.

The UK also has a system of accreditation implemented by the Association of MBAs (Amba). Only one third of UK MBA courses pass Amba scrutiny - from 31 institutions in all - but they include the best of full-time, part-time, and distance learning courses and are nationwide. In the US the American Assembly of Collegiate Schools of Business accredits courses but in Europe schools tend to thrive on reputation rather than accreditation.

After studying the school you should study the pro-gramme, says Bob Morgan, head of husiness strategy at the University of North London. "There seems to be some notion that there is a standard programme. f think that's somewhat old-fashioned." He recommends that stu-

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You could also use the opportunity of studying abroad to learn a new language. "At the moment Mandarin is very much in demand," reports Wilhelm Brunner, of the Vienna Economic and Business Uni-

versity. The next move should be to visit the campus during termtime, even if the campus is overseas. Go to one of the opeo evenings that the business schools hold and then sit in on one of the classes. You should talk to the aca-

demics, but more importantly you should talk to the students. Particularly if you are planning to work and study simultaneously, practising Students will provide the best guide to the workload. And you should assess the

culture of the school, says Morgan. is the atmosphere competor co-operative, and itive which do you thrive in? With 80 per cent of students

in the UK now opting to study while working, there are part-time courses which require regular attendance for lectures - often once a week or over the weekend. Or there are open learning programmes which often require students to attend once a month, while lishing)

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tance learning programmes are largely correspondence courses, altbough they will require some attendance - particularly at exam time. Although convenient, such courses miss out on the debate

which is an inherent factor of a full-time or part-time course not to mention the network of graduates, or alumni. Some students with the time and the money - and co-opera-tive employers - even travel

overseas to study on part-time courses, Studying abroad can bave drawbacks as well as benefits.

participate in the project work of the 20 students on As one academic jokes, rou should only study in a country in which you may one day the course, Essec: France, 1 34 43 30 23. want to work. "When your company wants

to expand overseas the person nel department will look through their files for someone to send there. You'll be picked out and on the next plane back!"

peers by introducing an Suggested reading: The ABS Directory of Business Schools (Butterworth Heinemann): The increasing number of masters courses which specialise in a specific topic. The latest is Umist, in Amba Guide to Business Schools (FT Pitmon Publishlanchester, which has ing); The MBA Career Guide launched an MSc in property (MBA Career Guidc); Which investment and development. MBA? (Addison-Wesley Pub-The one-year course can be

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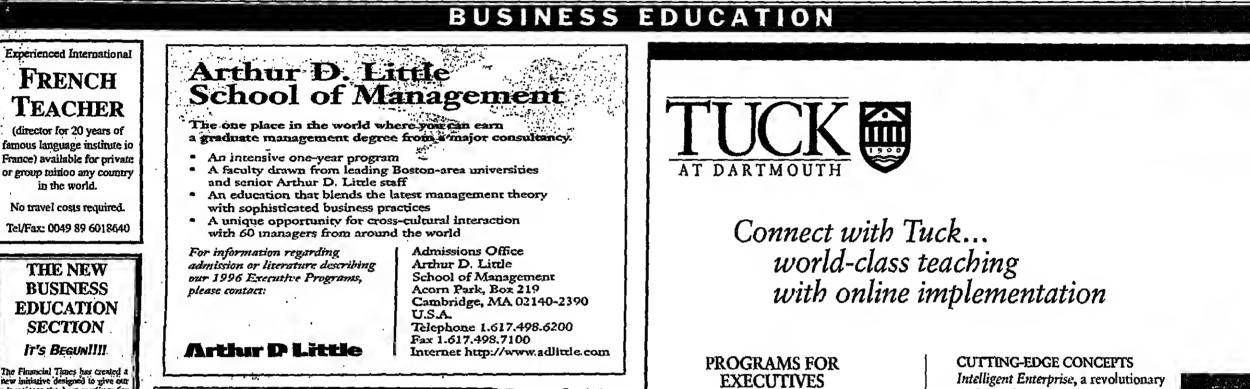
Civil rights leader Whitney M Young has become the first African-American to bave a faculty position named in his bonour. The junior professorship at the Wharton school at the University of Pennsylvania has been created as a result of fundraising by alumni and students and corporate and charity donations. Wharton: US, 215 898 5000.

Seedcorn software companies vulnerable

The UK's software industry has improved in performance but bankruptcies in the industry remain four times the national average, according to the latest research from Templetoo College, Oxford. Sales by British compaoies rose 6.1 per cent in 1994 after dipping disastrously in the early 1990s and companies in the sector have increased staff. Nevertheless, small software firms remain vulnerable. Templeton: UK, (0)/865 735422.

dents with husiness experience instead of a general MBA as a should ask themselves whether result, says Tim Sutton, visitthey want a course which will ing professor of accounting at lese at the University of give them skills in general management or a specialist Navarro, in Spain. function. Some MBAs are tai-He points to the masters lored for specific professions degree in finance at London designers, marketing people or those from financial services. Business School and the mas-SDA Boconni in Milan as good You may decide to study a

more focusad masters degree studying largely at home. Disexamples of such courses. BUSINESS



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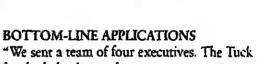
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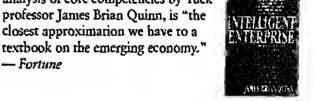
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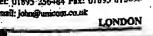
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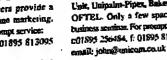
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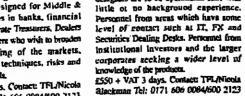
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BUSINESS TRAVEL

Travel groups on show

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More than 120 travel companies will show their wares at the Business Travel 96 Exhibition, which runs from Wednesday to Friday this week at London's Business Design Centre in Islington, writes Scheherazade Daneshkhu. The exhibition is aimed at regular travellers as well as buyers of corporate travel. Exhibitors include airlines, hotel groups, car hire companies and corporate travel agents. Seminars will cover a range of topics, including planning and arranging business travel. taking advantage of global partnerships, negotiating with suppliers and managing the hidden costs of travel. There

are also seminars on how to Media of the US, which deal with jet lag and the opportunities opened up by the Channel tunnel rait link. between Englend and France.

Interactive Europe Berlitz Publishing Company, which produces pocket travel guides and phrase books, has issued two **CD-Roms which it describes** as the first interactive business travel, language and culture guides of their The first two Berlitz -Executive Travel Guides cover northern and eastern Europe. and southern and western Europe. They have been ased by Aliegro New

kind.

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develops business softwa may include both engines, The CD-Boms include pieces of the landing gear, essential toreign language tollets, emergency door slides words and phrases, travel information, maps, hotel and and high-pressure turbine restaurant tips. Each guide costs £129.95, engine blades. Engines like those on the crashed let cost about \$2m (£1.3m) each new and could Black market warning fetch at least \$1m on the used-parts market. Parts are American Airlines has warned sembled and refurbished that parts of a Boeing 757 to look like new, and are sold. which crashed in the mountains of Colombia two with traudulent paperwork. Flight 965 from Miami months ago may be for sale on crashed last December 20 in . the black market, reports the mountains near Cali, killing Associated Press, American 160 people. Four people has written to airlines that fly survived. The aircraft was Boeing 757s and Boeing 767s, noped into thousands of said John Hotard, a sman for the Fort pieces, but it hit the ground Worth-based carrier. It also nose-up, suggesting some of

Its heaviest and most included a 14-page list of important pieces of equipment possible missing parts. These probably survived.

> Concorde record A British Airways supersonic Concorde made use of a 175mph tailwind to fly from New York to London in 2 hours, 52 minutes, 59 seconds last week, clipping 90 seconds off its own record. BA said that Capt Leslie Scott piloted the aircraft, carrying 30 engers, three flight crew and six cabin staff, from John F Kennedy to Heathrow, antiving 40 minutes ahead of schedule. Its average speed, from take-off to touchdown,

exceeded 1,250mph Concorde's previous trans-Atlantic record was set in April 1990.

Malaysia flights Malaysia is asking for daily flights to Johannesburg and Cape Town in South Africa, transport minister Ling Liong Sik said last week. He said Malaysia Airlines now flies three times a week to those places, but was asking for four more flights per week over the next few years. He was speaking after talks with South, Africa's Civil Aviation Authority. Since 1994, Malaysia's trade with South Africa has risen from \$14m (£9.3m) to \$306m

Likely weather in the leading business centres Mich Tue Wed Thur ं क SHE WAY SH Hoog Kong 21 22: 6 22 2 21 20 20 frankfurt 🚱 8 🝊 5 🦝 3 🍀 2 🚟 0 Augeles 25 21 21 18 25 17 21 21 e 11 2 e 2 5 5 5 6 6 ratures in Celsius

After close examination of the UK railways, Peter Marsh offers his guide to the best and worst of the system

ail travel in Britain is get-ting better. This may seem a controversial statement at a time of scary stories of what British Rail will look like after privatisation. But considering the increasingly crowded motorways, the rail oetwork offers husiness travellers a pleasant way of getting around - particularly if they stick to the generally reliable InterCity trains and start or finish journeys in Loodon.

My confidence about the state of British Rail comes after 70-odd train journeys in recent mooths around the UK, covering about 5,000 miles. On these journeys 1 have experienced only three delays of more than a few minutes - a oear-Germanic performance, and far better than when I made a corresponding sequeoce of trips a decade ago.

'Awayday" trips hy rail will also enable anyone keen to invest in Railtrack - the governmeot-owned eotity in charge of the UK's rail stations and track, shares in which go on sale in May - to see what is on offer. Passenger trains are run by 25 separate operating companies, of which two are in private-sector hands, and the rest are due to follow suit.

On a husiness tour around the oetwork, two publications will be useful. Inside UK Enterprise is a manual set out like a tourist brochure and produced in a Department of Trade and Industry-backed initiative to highlight UK companies with innovative management or production processes.

Crammed with colour photos and chatty descriptions, the book gives you lots of ideas about whom to drop in on. All 100 companies (most, but not all, are manufacturers) in the guide offer organised tours,

The joys of networking metal cutting . . . with up to 1,290 tools being handled at any time". On the journey you will find hut you must hook in advance. The choices are quite substantial: you can call oo a hindiner maker in especially after Oxford - that it is Biggleswade (roughly an hour from Loodon's King's Cross); a design virtually impossible to tear your consultancy in Warwick (a pleasant eyes from the rolling countryside station oo the Chilterns' route out of London's Marylehooe); a shoe along the route. The sense of relaxation is exactly conveyed hy saying manufacturer in Norwich (once out loud the names of some of the home of four railway stations, oow places that he close to the the railway line: Oddington, Cow Honeyreduced to one); and Britain's highourne. Wyre Piddle, Drakes gest mugmaker in Stoke-on-Trent. This company is probably worth a Broughton, Inkberrow, White visit if only to savour Stoke-on-Ladies Aston, Upton Snodshury, Flyford Flavell, Childswickham, Dumbleton and Adlestrop. Trent station, with its Jacobeanstyle frontage, an exquisite war memorial and the statue of Josiah

One problem about the route is Wedgwood immediately outside. BR's choice of rolling stock. The You could even stay in the North new "turbo trains" on this section of the railways are not particularly comfortable, and are hlemished by a Staffordshire Hotel opposite the station, whose architectural features hlend almost exactly with those of fairly minor hut irritating design flaw: the electric hand-dryers in the You will read about Stoke-ontoilets are woefully underpowered Trent station in what should be and next to useless.

It is a pity that Worcester's Foreyour secood reference work, Rail-way Stations of Britain. This is a superior travel guide to 75 of the gate Street station (where you get off for the city centre) is nearmost interesting stations, complete with full details of track layouts derelict, earning my rehuke as one of Britain's three worst railway stapacked with historical and

Where on the rail network should surreal, drearily landscaped wasteland with few buildings and virtuyou start? My vote for the most scenic journey out of London is ally no signs to say where you are, and with vandalised toilet doors; from Paddington to Worcester. Yon even have a good excuse to go and Birmingham New Street, a dark there, for in Worcester you will find and dismal subterranean chamber Yamazaki Machinery, a big Japawhich is a desperately poor welnese-owned maker of machine tools come to Britain's second city. which, according to Inside UK Enterprise, is anxious to pass on

The other two are Telford, set in a

For a much more cheerful experience, take the train out of Londoo's hints to its visitors of "automated St Pancras (by a long chalk the capunmanned machining and sheet ital's best station), and head for



Derhy, where the station is big, open and friendly, and just a little the worse for wear. You could also visit Doncaster

station for one of the best railway murals: a series of pictures illustra-ting The Ages of the Train which decorates one of the station subways, and was devised by unem-

ployed youngsters. Coventry's light and airy station is one of the better modern ones, while for terracotta splendour it is hard to beat the Midlands twins of Nottingham and Leicester, built within a few years of each other at the turn of the century

If you can, find an excuse to visit

Letchworth station in Hertfordshire where Steve Newland – the station manager, although in the new BR privatisation jargon he is more properly known as a "customer services officer" - is shortly to start the process of spelling the station's name in flowers in ona of his five or so "sponsored flower beds". Showing commendable enterprise, New land has persuaded several local companies to give £100 a year to pay for the plants.

ncidentally, the reason that so many Yorkshire stations look much better than their counterparts elsewhere is that they get plants in large quantities from Poppleton Nurseries near York, a little-known part of the BR empire. now part of its "northern infrastructure division" hut whose fate, postprivatisation, is unknown.

Graham Warner, who runs the nursery, the only one owned by BR. and which has existed since 1941, specialises in fuchsias and geraniums. Many of his flowers end up at Skipton station near Leeds, which I indge to be the rail station where would least mind being marooned, Manager Kevin Vince takes immense pride in making the station look attractive. In turn, Skipton is full of pleasant pubs and boasts a splendid castle. For good measure, the town has a large greeting cards manufacturer. And there is more: just down the road is one of Britain's more impressive car radiator factories.

Inside UK Enterprise, Status Meetings, Festival Hall, Petersfield, Hampshire GU31 4JW. Raihoay Stations of Britain, by Geoffrey Body. Patrick Stephens, Wellingborough, Northants NN8 2RQ. £14.99.

Spanish tunnel rail link proposed

Spain and Morocco are to seek backing from the European Union for the construction of a rail tunnel linking Europe and north Africa under the strait of Gibraltar.

Madrid and Rabat also agreed to strengthen co-operation in fighting organised crime, terrorism, drug trafficking and illegal immigration. The news came at the end of a two-day visit to Morocco by Spain's

prime minister, Felipe Gonzalez.

The two countries seem almost hlithely unimpressed by the financial difficulties – principally a mountain of debt – hanging over the operators of the rail tunnel between England and France, under the English channel.

The 24.8-mile tunnel would link the northern Moroccan city of Tangier with the Spanish town of Tarifa. The two countries agreed "to continue contacts with the EU in order to acquire its institutional and financial participation in the project".

The idea of building a tunnel under the strait of Gibraltar is a venerable one, though little progress has been made over the years Eurotunnel, which operates the

UK-France rall link, reported an improvement in husiness last month, and says it expects to see a 50 per cent increase from last year in the number of trucks it carries through the tunnel.

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This workshop will be fast-moving and highly interactive, with learning based on participation in simulated M&A negotiations. Video feetback will be used MARCH 27 emphasis is oo practical tools and techniques rather than theoretical models. The 5th MCIS UK coal seminar -Beyond 1998 A one day seminar for the coal industry, There will also be a session whereby delegates describe a real-life situation and ooking at its prospects a year into privatisation. In particular, markets beyond work together to develop solutions with the 1998, when current contracts end, are help of the tutor, Contact: Acquisitions Monthly examined. Contact: Sharon Robson. Tel: 01892 537474 Fax: 01892 531343 McCloskey Coal Information Service, PO Box 15. Petersfield, Hants. GU32 3RG. Telephone (0)730) 265095. MAY 14 Pas (0) 730) 260044. Increasing returns to Shareholders through Value Based Management Increasing the returns to Shareholders is the ton of sector and an anomality in the LONDON MARCH 28 InterXchange 96 the top of senior management's list of Strategic Investment Management Forum concerns. This coolerence involves speakers who have pragmatic experies radically changing the way their com Discuss with industry expens the issues that will shape the investment management business towards the next millennius One intensive day examines: . Strategic drivers for business growth . Impact on UK managers of emerging European/global legislation • The integrated investment market · opportunides & risks · Susiness impact of new technologies on industry tructure & operations ored by: Royal Bank of Scotland, S.W.LFT. Caymax Contact: Catherine Wyville, ANR Tel: 0181 947 2684 Fax: 0181 946 3195 LONDON MARCH 26 A one-day conference on the high-speed link to the Channel Tunnel, the AlpTransit rail tunnels, the expansion of Zurich and arts, the Øresund bridge JUNE 24 and tunnel, Hong Kong's Western Corridor and airport. et Janet Rose, BASEA. ef: 01 202 392066 fax: 01 202 304791 HEATHROW MARCH 31 - APRIL 2 Business and financial analysis for executives ncreasing maight with interactive tutorials supplemented with lave case studies of actual companies. Topical issues of the day will be iscussed using the day's FT. £795 + VAT

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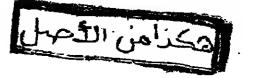
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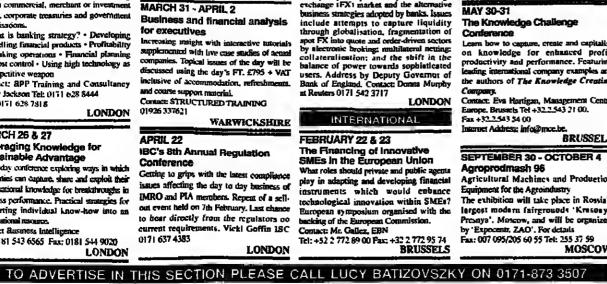
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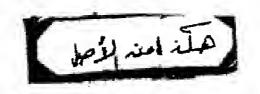
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MEDIA FUTURES V-chip to block the TV nasties

explicit or violent telavision programmies - must in future be installed in all TV sets sold in the US, under a law signed by President Bill Clinton last

The "electronic censor" is at the heart of heated debate between civil libertarians and those who believe that sex and violence on TV encourages teenage pregnancies and juvenile crime.

The measure to make the v.chin mandatory, as well as other provisions that make it illegal to distribute "indecent" material over the Internet and other computer networks, was appended to telecommunications legislation aimed primarily at deregulat ing the US market for telephone and cable television services. The "anti-smut" measures

won broad political support Osed amid rising public concerns about TV violence and pornog-Cun are to seek European Union on of a rail tunned and aorth Africa of Gibrahtar. tion. Dat also agreed to

ration in fighting terrorism, day regal immigration = at the end at Lorocco by Spany office Gonzalez. mes seem almos ssind by the final principalit : ii - banging ma i the rail tunnel nd and France h channel. turnel would int rocean city of Ta arish town of Ta. intries agreed w is write the ET is e ils institution inicipation in he pulling a mod of Gloraliar Ba

though little me ide of er the year. mich operates la bulk reported a in business ha it expects to est case tion last in or trucks it cans

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raphy on the Internet. Yet the spectre of government regu-lated censorship of traditional and electronic media is encountering growing opposi-Already , the American Civil Liberties Union has filed legal

challenges to the Internet restrictions, which would slap fines of -up to \$250,000 and jac terms of up to two years on anyone found guilty of distributing "indecent" materials on the Internet that could be accessed by anyone under the age of 18.

At the weekend, much of the Internet's World Wide Web was blacked out in a protest at the new law. The protest was mounted by Internet oriented companies such as Netscape, and by libertarian use crude words in an elecgroups and individuals. The cyberporn law is an unconstitutional restriction on the Internet. legislation simply extends existing "decency" laws to free speech, the ACLU charges. Although the new law purports to protect minors, it will in cyberspace. It has long been a effect place severe restrictions on all users of the Internet, the

federal offence, for example, to use obscene language on the telephone, although the law is group maintains, For example, critics say the rarely enforced. law would prevent online dis-play of famous works of art One significant difference in the new law. however, is that such as the roof of the Sistine companies which provide Internet access services as well Chapel, electronic publication as commercial online informaof books including the King James Bible, and use of the tion services, may now be held Internet to disseminate inforliable for the distribution of

The "V chip" - a device A law on censorship of traditional and electronic media in that can be used to block the UIS is encountering appreciation, source Louise Keboo the US is encountering opposition, says Louise Kehoe



mation about Aids or breast "indecent" material on their cancer. It is already a crime, networks. To protect themselves from tree-speech advocates say, to

legal liability, these companies may now be forced to police bulletin boards and Internet pages in search of anything that might be considered offensive.

Even Vice-President Al Gore, the Clinton administration's chief advocate of telecommunications reform legislation, appears to have reservations about the new cyberporn law. "We have agreed to let it stand or fall according to the judgment of the courts," he said last week.

Other methods of screening out pornography on the Interthe air or via cable - to the V-chip in TV sets. Vlewers could, if they wish, activate the chip to block all programmes they deem unsultable for children.

TV suppliers would still be free to produce and transmit programmes of their choice; they would simply have to label them, as the film industry does with its ratings system.

How will the rating system work? And what kind of vio-lence will be censored? the ACLU asks. Football games, war movies, news reports? This is not a voluntary system. The legislation stipulates that if the TV industry fails to create an effective rating system, the Federal Communications Commission will take on the role of TV censor.

US TV companies have so far proved reticent on the issue of the V-chip. The industry has generally been opposed to a government-mandated rating system, although there had been efforts under way to create a voluntary rating system and plans to test-market V-chip systems. These efforts have proved

too little, too late. in Canada, where the idea of the V-chip originated, several cable TV companies are already offering V-chips to their subscribers. With the V-chip law now in place, US TV networks and cable companies are under

pressure to respond, but it is not yet clear whether they will raise legal challenges to the new law. The industry risks a backlash of public opinion if it opposes the law, but fears the loss of advertising revenues on "X-rated" programmes if it complies, industry analysts

However, it is not clear that the V-chip legislation will achieve the goals of its supporters by limiting TV sex and violence. Critics of the legisla-tion say that it may give TV companies an excuse to broadcast more racy or violent programmes once the rating system is in place. Whether or not there are legal challenges to delay implementation of the V-chip law, it

is likely to be many years before "clean TV" is widely availabla, because it will require the replacement of mil-lions of TV sets and cable TV decoder boxes.

Tim Jackson This bug in your PC is a smart cookie

long, and in what order. Dear That information can be tal-Our Jockson: lied against information the in-store camcustomer provides of his own free will ~ for instance, when he "registers" for membership have eras recorded your repeated visits by giving a name and e-mail to our fruit and pegetable address, or provides a credit card number and a address counter. l'er when ordering a delivery - to produce a comprehenaive even though you buy things in other departments - I have last

record of individual behaviour. month's kid gloves came in handy during the cold snap! -Most extraordinary of all, we see that you have never this information can be stored on customers' own PCs with-ont their knowledge. It can be bought fresh produce from us. Three times last week, you stood in front of the fresh kept in a form so that only the mongoes, but never took the company that collected the information can benefit from plunge. So I'm writing to let it. And when the customer conyou know about our upcoming nects to the Web site later, the site can silently interrogate his special offer on tropical fruit. As far as I know, no shopper has ever received such a letter. Camera technology is many years from being able to follow PC and pick up the information. The formal name for the

a single person around a department store, let alone tally that person's movements against sales records. objects where the information is stored is "persistent clientstate hypertext transfer protocol cookies". Those who dismiss this as an early April Fool Yet these methods of keeping tabs on the behaviour of cus-tomers are possible today in cyberspace. Technology is already in place - and ready to joke can find the specification describing the cookies by using the search engine on Netscape Communications' home page. A technical note written in July 1995 describes the specifibe put to use on the World Wide Web of the Internet that will allow Web site owncation as preliminary, and ers to gather an alarming range of information on the warns users to treat it with caution. But the facility bas been fully operational on Nets-cape browser software since people who look at their Web

ages from PCs at home. version 1.2. Most Internet users are not Each cookie, or nugget of aware that such possibilities exist. They believe, correctly, information, can be up to four kilobytes and each server is that when they surf the Web, allowed to deposit 20 cookies the information sent from their on every client computer, The PC to the Web site is an IP total of 80 kilobytes that this address - a string of digits that represents is roughly equiva-lent to 18 articles the length of specify the Internet location of the computer they are logging this one. But this limit can be in from. Tracking down the customer from that informacircumvented by the simple tion alone is an inexact scidevice of having a number of ence, since a single IP address different servers inside the company. As a result, a com-pany can theoretically store 1.2 can be shared by hundreds of people working at a company. megabytes of information or thousands of people using twice the length of Persuasion an online service.

But the leading software - on each customer PC. As a group, those who inhabit the online world tend to be watchful of their privacy. used on the Web contains a little-known wrinkle that increases the power of compa-When they became aware last year that MSN, Microsoft's nles to find out who their cus-tomers are and what they are up to. It allows companies to online service, was able to track which Web pages an indidownload a list of programs on vidual looks at, when, for bow customers' PCs as they logged

in from home or work, there was such a fuss that the company was forced into a hasty damage-control exercise to reassure the world that its intentions were bonourable. Client-state cookies are in a

15

slightly different category. They do not allow one company to snoop on another, and they gather only information about consumers' behaviour at a single company's Web site, or information that customers themselves volunteer.

But many PC users may take a dim view of Netscape's fail-ure to draw their attention to the fact that their behaviour may be tracked in this way. Moreover, there appears to be only one way to disable the facility: by manually amending or deleting the COOKIE.TXT file containing all the cookies. Netscape describes the sys-tem as "a powerful new tool which enables a host of new types of applications to be writ-ten for Web-based environ-ments", and of course the company is right. Cookies allow customers to do repeat business with companies without having to retype their details. There are plenty of other very useful purposes to which the cookies could be put in future.

Yet the tale of these cookies is an illustration of the possibilities that Internet marketing opens up. In the old days, plac-ing an advertisement was like firing a blunderbuss: remem-ber the old quip that half the money spent on advertising was wasted, but that no-one knew which half. Today, technology has created silver bul-lets that allow companies to target people individually.

in the long term, this is a good thing, for it will tailor advertising more closely to what consumers want. But at stake is the issue of privacy which needs to be debated,

The only consolation is that breaches of privacy using this technology are unlikely to have any life-and-death consequences. The worst thing most companies will do, after all, is try to sell you something.

Tim Jackson can be reached at Tim.Jackson@pobox.com

Sex, lies and the Internet

tronic mail message sent over

Yet in many ways the new

ogrammes,

The new law gives broadcasters and cable TV companies one year to develop a rating system for TV programmes. These programme ratings would be transmitted - over

net are already available, Gore noted. These include software that automatically blocks access to X-rated Internet sites and services that "rate" Internet sites according to their suitability for young computer

The Clinton administration has no such qualms, however, about the V-chip legislation, which it believes will enable parents to prevent their children seeing inappropriate

TICAL

Victoria Griffith finds

cyberspace socialising

is on the increase

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t the beginning of this month the US media giggled when John Goy-dan became the first person to cite his spouse's online affair with a paramour named The Weasel as grounds for divorce. The story, while amusing, has disturbing implications, because the Internet has

relies on users to use their own names. Net users cannot even be sure they are talking to a real person - increasingly become a powerful social influence in today's society. Indeed, the psychological impact of the machines are used to do the talking, Turkle says. As an example, she cites cybersurfers' interaction with "bots", char-Internet has not been fully digested, according to Sherry Turkle, a psychology professor at the Massachusetts institute of acters that are programmed to behave in

certain ways on the Net. Bots work by Technology. "The adultery case seems funny, but it illustrates a dramatic social recognising certain words and churning out automatic responses. A primitive bot change," she says. "Cyberspace is chang-ing the way people relate to each other, programme might respond to the state-ment "I am sad today" with "Why are you and that has tremendous implications." Turkle has just written a book on the subject called The Second Self, based on sad today?"

But Julia, the creation of Michael Maul-din of Carnegie Mellon University and one hundreds of psychoanalytic interviews with cybersurfers. For Net users, there is of the most sophisticated bots on the Net, fools many into thinking she is human, no clear definition between spaces in turning out many clever responses. Conwhich people are playing roles and spaces in which people are truly socialising, she sider the following typed Internet exchange says. The Net is a weekend parlour game to some, but deadly serious to others.

User Brandi: Brandi bites Julia

Bot Julia: Julia shans all vermin like Brandi

Turkle says she was particularly sur-prised to find in her research that Internet users were willing to talk to characters even after realising they were programmed characters. She cites one man who continued to consult a compoterised psychoanalyst, even though the pro-gramme's responses were inappropriate. In one exchange Roger told the computer: "[My wife] does not make me feel loved". The computer responded: "It must be nice to be so loved." Roger continued to consult the programme because he found the exchanges helped him deal with his problems, Turkle says. She believes that the next generation

will spend even more time socialising with computers, and recalls a group of children arguing about whether Merlin, the computer toy they were playing, could "cheat". "They were attributing human characteristics to the computer," Turkle

She believes cyberspace can have a positive as well as a negative influence on its users - citing, for example, patients who have used role playing to overcome fears. "One man was terribly shy in person yet online he was popular and outgoing. Eventually, his social life on the Internet began to give him more confidence in his face to face encounters."

Turkle dismisses criticisms that the Internet can be addictive and says the amount of time spent on the Net does not determine whether someone is having a

positive or negative experience. "I know people who spend all day on the telephone, but they are not considered telephone addicts," she says. She also believes that adult cybersex on the Net can be helpful, as long as the rules are clear on what is fantasy and what is reality. She says people may find tha Net disturbing and exaggerate its benefits and shortcomings because they have so little

experience in dealing with it. She is also concerned about US efforts to give public schools access to the Net and about hype over pornography.

"The Internet can't save our children's education," she says. "It's neither saviour nor demon. It all depends on how it's used.

She is optimistic, though, that society will develop a healthier view of the Net. "People will start to follow certain rules of social conduct, and then the Net will just be considered another tool for interaction. But it may take a while to come to grips with its impact,"

credit cards can be misused - the Net says. That's assuming you have time to read it, of Cyber COULS • El Teimpo, one of the leadsightings

• The Swiss Invastment Marketplace (ununu.jml.ch[jml]) has some good information for private investors, even if its sole function seems to be to make you feel guilty for not hedging your entire particlio in Swiss francs. • Fundscape (http://jund-

She describes the devastation of one cybersurfer who pursued someone called Fabulous Hot Babe for months, only to

discover that Babe was really an 83-year-

old man living in a nursing home in

"In cyberspace, it's not clear when you

Identification is even more crucial now

that the Internet is becoming commercial-

ised. Positive identification may not be

important to someone wanting to play out a casual fantasy. It is vital, however, to

companies selling products over the wires.

A 15-year-old boy, for instance, can pose as

a 30-year-old man to purchase beer and

have to be who you say you are." says

Miami.

Turkle.

scape.com) is a commercial service offering investors the chance to track the performance of mutual funds. Interesting stuff.

 Hard@Work (unnu.harda-twork.com) describes itself as an "onlina water cooler" dedicated to exploring issues cound the modern corporation, "The information headquarters for anyone who wants to do a better job," it scribe central banks (your

ing newspapers in Colombia (unow.eltiempo.com) has put up a nicely laid out site in • The Israeli Investor Network (www.god.com/iin/) has company listings and an online version of American-Israel Business Magazine and the Giza Investment Letter. Might be useful if you're doing business in the region. Meanwhile, the Mizrahi Bank (unnumizrahi.co.il) has a site in Hebrew with information on Israeli capital markets. The Center for the Study of Central Banks at New York University's law school runs

Assoclation's Web site (www.ama.org/gem) is well worth a browse for a steer on the latest trends in marketing strategy. You can join the Central Bank Bulletin, a mailassociation or just read a sample issue of Marketing ing list focusing on the activities of central banks around News Online, the members' the world. To subscribe, send journal. tha following message (in the

• Texas A&M University's body, not the beader): subcollege of business administra-

Banking Report.

be worth a look, no? Ah well.

(http:home.earth-

• The American Marketing

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summarised.

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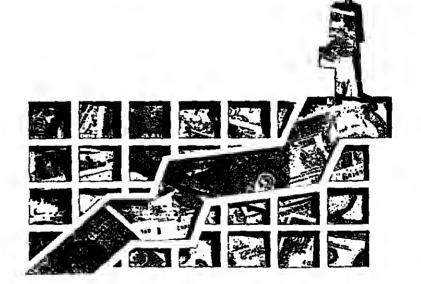
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Strangely, the URL was left off last week's mention of the Global Access site, For the record. It is www.glbloc-DESS.COM

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SPEED IND

SPORT ARCHITECTURE

Standing up for Bellini

he man who is building the highest tower in Moscow and masterminding the higgest post-war huilding project in Milan is in London. He brings with him a quality of huilding that is purely Italian, a certain instinct for quality. Mario Bellini is 60 but his

16

achievements are such that it seems he has been around for much longer. Although he is an architect, be was best known for a loog time as the designer for the nffice machines of Olivetti: creator of that refined look for the business machine that preceded the now uniquitous. Japanese, efficient anonymity.

Berlin

ically lit.

Cootemporary Italian architecture is so much better than most because the best Italian architects and designers (even the designers of clothes) have complete respect for the remarkable past of their country. This appreciation of the glories around them does not have the effect it sn nften has in Britain, of encouraging pnnr copies of past styles that are weak, safe and often illiterate.

In Italy, architects like Bellini, Portoghesi, Bntta and Aulenti are all producing unique and spleodid new buildings. Bellini has achieved his Colin Amery on an architect who could make a motorway service station memorable

reputation as much outside clear sense of the work. But Italy as within, and he has the how much better it would have added distinction of being a been to be able to sit, relax and great exhibition designer. He contemplate these images. Was created one of the finest it old architectural arrogance that refused to allow chairs? architectural exhibitions. The The Bellini buildings I know Renaissance from Brunelleschi best are the Tokyo design cento Michelangelo - The Representation of Architecture, which tre and the Villa Erba internahegan in the Palazzo Grassi tional congress and exhibition centre at Cernobbio on Lake in Venice in 1994 and went last year to Paris and Como. Both create what another critic has called urban islands. The Tokyo centre was Bellini's achievement was not just to make the graat finished in 1992 and embraces

renaissance models look beauthe major principles of this tiful and dramatic, but to architect's work. It stands in the wildly chaexplain how architectural otic Sakurada Dori district, ideas move from drawings to huildings. At the Royal Institute of where it acts as a beacon of order and restraint. The architect had in cope with the steep British Architects a stunning exhibition of Bellini's work topography of this part of runs until the end of April. The Tnkyn, and to build around an existing building whose owner would not sell. These chalsbow is designed by Bellinl and the display technique is lenges forced the design to be

partly hased on the renaisance exhibition and is dramatintricate and visually exciting. Bellini has brought to Tokyo the idea of a plain street front Sixteeo large models, at exactly the right height, domiof an Italian palazzo with an internal steep stair and a rear nate the room, and giant slides courtyard that is almost surcontinuously change to give a

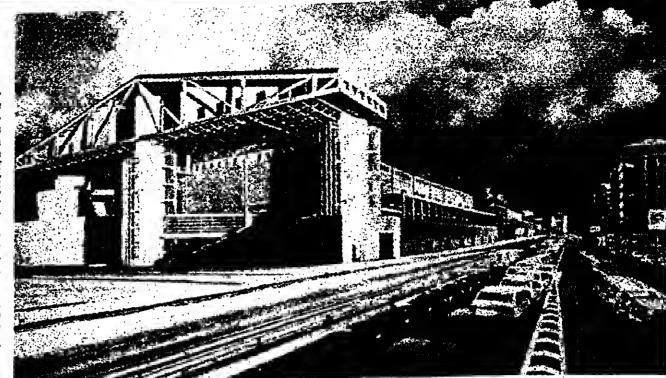
real in its silence and space At the top of the steep staircase that lures you in from the street is an equestrian sculpture by Mimmo Paladino. This splendid tall horse is seen between pierced travertine walls against a background of trees. The back of the building is a series of terraces enlivened by row upon row of huge flowerpots filled with scarlet geraniums

Tokyo is full of some of the hest work of contemporary architects of all countries. Be lini's Intricate, careful and original design is exactly what changing cities need.

In Italy, Bellini's exhibition centre in the grounds of the Villa Erba is a remarkable synthesis of past and present. In plan, the three wings radiating from the circular central building are similar to the ensembles of garden buildings to be seen at Potsdam, or around the mora remote palaces of St Petersburg. But the chief thing that has

infinenced its design is the proximity of the lake and the curved lines of trees. The central pevilion is itself set on water - a conceit that works well.

These two gems of Bellini's work are about to be joined by the extensive, 800m-long, new



In the hands of Bellini, drama and emotional power are achieved in the new exhibition buildings for the Milan trade fair

exhibitinn buildings for the Milan trade fair. It is a massive formal scheme that sensibly incorporates car parking in the planning and stupendous planting of pyramid-shaped hornbeam trees. The great skeletal portico that marks the oorth-western end of the new huilding is splendidly scaled and likely to become

it almost impossible to give the new symbol of the Milan fair. in a city where design and fashion fairs influence the whole world, this is an important new structure. Inevitably, it has millennial overtones, and appears to elevate the Greek temple to material heights to which it never aspired. I would have thought

some of the late 20th century uses of buildings any emotional impact. The international trade fair, the Japanese leisure park, the new hotel for Moscow - in Bellini's hands, all have achieved drama and emotional power. I do not know of another architect who could make a

motorway service station into a memorable, architectural experience. It takes an Italian. and it takes Bellini.

The Bellini expo is chiefly sponsored by Fiera Milano, Silicon Graphics, Al Rostramani Graup, Smeg and Guiliani. Architecture Centre, 66 Port land Place, London WL



its owo. Some cricket writers have found him spiky. The wouderful phrase Nn comment but dnn't quote me' is ofteo ascribed to Smith, who is retiring as chief executive of the Test and County Cricket Board, But be shrugs it nff as apocryphal.

Christopher Martin Jenkins. doyeo of English cricket writers, described him to a valedictory newspaper article as having "a paranoja abnut secrecy Smith snorts when asked if that was fair comment.

"CMJ? A very kind piece in most respects," he chuckles, conceding that, in his early years as operational head of the English game, he was too distant and impatient with the media

SIS STRANGER

Zimhahwe and the non-Test After spending most of an countries.

Lord's HQ in Londnn, it was hard oot to be impressed by tbe subtlety, discretion and diplomacy required to lead this most federal of games, for cricket, whether dnmestic or international, will not be ordered from on high. It has no equivalent to Fifa or the LAAF. To a certain extent, lack of such a structure underlies the difficulties of cricket's World Cup, which opens this week in India, Pakistan and Sri Lanka. Three years ago, Smith presented the International Cricket Council with an unanswerable case for it to be held in England, Australia, New Zealand, the West Indies and South Africa were in favour

be in the bag until the Indo-Pa-

kistan hidders started to lobhy

the West Indles refusing, on security grounds, to play matches in Sri Lanka following the bomb blast in Colombo. The price of England's manoeuvre in 1993 was a fairly radlcal overhaul of the ICC, and that should begin to bear fruit by the time of the next World Cup, to be held in England. Domestically, Smith leaves with the game in impressively better shape than when he arrived. A decade ago, hig clubs like Warwickshire, where and the decision appeared to Smith had heen captain were

Smith still hristles when he

recalls the 18 hours of horse

trading at Lord's which led,

indirectly, to the currect

imbroglio with Australia and

healthy enough, but at the margin the outlook was grim. "Crowds are up, revenues up [and] we have blue-chip spon-

Legacy of cricket's bristling reformer afternood with Smith at his A.C. Smith, padding up for the last time, talks to Keith Wheatley reflect a consensus among the

sors who seem happy to stay with us for the long haul," he says. This year the TCCB will market forces had to apply," distribute £21m to the counties and grass-roots game in Britain. When he arrived, the comparable figure was jnst needs protecting from the temptation to sell the game's over £4m. Television has made the difdevoted andience down the

ference. Cricket shares Itself skilfully between terrestial and satellite channels. Indeed, the sports television rights debate turns Smith's bristles to prickles, producing undiplomatic words like "aggrleved" and annoyed" over the House of Lords amendment to extend so-called protection of certain events from subscription and pay-per-view channels.

"Since competition has appeared, television has been good to us. We're friendly election year, for heaven's sake," soorts Smith, perhaps ennugh with the BBC but the

relationship is much more foreshortening the political timetable. "We're spending an healthy since they realised enormous amount of time and It rankles that a man who money lobbying on this and has devoted his life to playing thinking much more long-term or administering cricket than most politicians." After our meeting Smith should be told by politicians he went off to sign letters to 120

MPs known to be interested in cricket. One in particular, with an office in Downing Street, was due a personal visit. Besides the World Cup, the other notable setback for

Smith was the reluctance of the counties towards accepting an umbrella body for the whole

deal with just one governing body, and we have to respond." What really causes Smith transition seemed to chagrin on the eve of his last

WEEK

season is the poor performance of the England team. "It⁵ not just a bad patch," he insists. "I don't think we have tha environment that allows the best players to develop their full potential. Quite simply, they all play too much in the English season.

But Smith has great faith in England's captain, Mike Atherton, "He's young, stubborn and cussed, and I hope he's around for a long time. I'd be thrilled for him if we could unearth a Botham or a Truman - preferahly both - who could give the England attack a cutting edge." A.C. Smith was captain of

Oxford when the Nawah of Pataudi was in the side and the universities could still expect to win half a dozen matches against the county teams, and then a succesful Warwickshire and England player.

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His regrets are few. "When I leave, I shall miss the company of nice people," said Smith. "It really is one of the greatest things about cricket."

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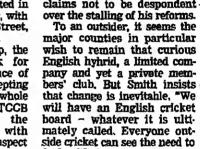
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autonomous counties. Yet at their October summit, it was despatched to the limbo of a working party. Smith says: "I think once the counties got their solicitors reading the new constitutions. the enormity of It all just hit them very hard." But he claims not to be despondent.



should have become the English Cricket Board, with responsibility for every aspect of the game. Last summer, Smith's impec-

river for a few extra millions. "We have optimised rather than maximised our assets. We perhaps could have got more but we have sold them carefully. It one sense, it isn't very efficient to have our interna-

tional cricket at six Test grounds but we like to provide cricket to its public. The game belongs to the community What, then, underlies the dismiet at Westminster? "It's

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sport. By now, the TCCB

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FEBRUARY 14

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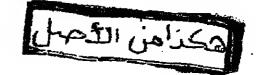
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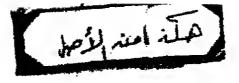
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zland player

and I more he's are: n. time ld be this d we could meet or a Truman - men - who could goes 2 attack a mit

Smith was captant when the Nave: ttess could still exhalf a dozen man the county terms r successful Warwith

TTELS are lew WE to realise that all this time I have snal, miss the test been making Jane Austen films! Eat puople said bat Drink Man Wonian was about sis-s one of the same ters and matrimony. It even had a but cricket line of dialogue that was the same

as one in Sense And Sensibility; when the two sisters fight and one NON I



Tiepolo (1695-1770) was the last of the creat Venetian decorators, the purest exponent of the Italian Rococo and arguably the greatest painter of the 18th century. To mark the 300th anniversary of his birth, an chestion of 180 paintings and drawings opens at the Residenz. LYONS

et), on Thursday. "Peter Grimes", Benjamin Britten's

best-known opera, has had to wait halt a century for its first production Vienne. Tonight's premiere at the State Opera is conducted by Metalav Rostropovich and staged by Christine Mielitz, with e cast Including Nell Shicoff as Grimes and Nancy Gustafson as Ellen Orford.



On Thursday the Musee des Beau Arts unveils the first major retrospective of Francois-Auguste Ravier (above), the 19th century tandscape painter often described as the French Turner. Ravier shunned the Paris salons and spent most of his career painting watercolours which capture the light and atmosphere of the Dauphinois countryside. The exhibition includes 140 paintings and drawings from public and private collections around Europe, plus 20 works by his contemporaries.



NEW YORK HAYANA One of the biggest-ever Faberge

exhibitions opens at the Metropolitan Museum of Art on Friday, it features more than 400 precious objects - including 15 of the 44 extent imperial Easter eggs (left) commissioned by the last Russian tsars, The exhibition will travel to Sen Francisco, Richmond, New Orleans and Cleveland,

PARKS

At the Opera Bastille in Paris on Tuesday, a new ballet programme is devoted to four works by George Balanchine set to Tcheikovsky music: "Serenade", "Tcheikovsky pa de deux", "Allegro Britante", "Theme and Variations". Wonderful batiets and wonderful dancers.

Cuba has been putting fire into jazz since the Forties "Cubop" craze, even though political obstacles have prevented some

17

musicians from leaving - and others returning, But Havana's annual jazz festival, held this week remains a high point in the touring calendar. This yea programme includes the island's top

brass, irakere and, from Ne York, fiery apoist St Coleman (riaht).

OPERA / David Murray Tristan, or something

like it

These days, to see Wagner played straight you have to go to the prov-inces. On Saturday the English National Opera unveiled its new Tristan and Isolde; as produced hy David Alden, it amounts to a concert performance with mildly eccentric trappings.

But it is a very good concert performance: doughty voices in all the main roles, and a strong, finely shaped account of the score hy Mark Elder. The volcanic power of Wagner's music is not lost, nor its elevated intensity at the end. As for the drama - well, Alden bas striven to "cut away all the externals", which means the visible story, the visible characters, the immediate situations.

tunately, we get nothing to penetrate. It is strange to think that a new London generation of Wagnerlovers is growing up with hardly a glimpse of grown-np Wagnerian opera: just Richard Jones's jokey, anything-goes Ring at Covent Gar bonses, and now this spectrally bloodless Tristan

These may tickle jaded palates, but the povice Wagnerians among the andience probably ontnumber jaded palates hy 10 to one. I

weird, arhitrary details upon the action - unless you count his treat-ment of the Shepherd in Act Three, who is apparently blind and immohile, staring hlankly into the audience almost throughout.

Semi-abstract Tristons are nothing new, and given ripe dramatic performances hy the principals they can work. Here, though, the Tristan and the Isolde are not only large vocal presences but very large bodily ones, ungainly and inflexible. They are remarkably shaggy, and enfolded in voluminous robes. The moon-faced Isolde wears a fixed, triumphant gloat for two acts, and returns for the third in a state of beatific catatonia at front-stage, never once looking at Tristan's corpse spread-eagled far behind her,

For the great love-dnet of Act Two, Alden has decided that it would be too crude to allow the lovers to touch. Instead, these massive figures just keep gesturing and twirling in stately slow motion, between 20ft and 30ft apart. Slim little Brangaene, Isolde's handmaid, is dwarfed and marginalised. So is most of the story.

Yet there are creditable vocal honours all round. Elizabeth Con-nell's Isolde boasts splendid attack, a rich range of vocal colours that lights np passage after passage with bold imagination, and huge musical commitment to the role. The American tenor George Gray is not so interesting as Tristan, but his heroic, pressurised timbre is secure and forthright; thoroughly As you may remember, Act One takes place on a ship which is bearreliable singers like him are much needed in the Wagner repertoire nowadays. Young Susan Parry's ing the reluctant Isolde to Cornwall, under Tristan's protection, to Brangacne is plangent and lovely, though under-used: in a real stagmarry King Marke. What Alden shows us, therefore, is a high, stage-wide hrick wall with two ing, five or six years bence, she might do wonders. As Kurwenal. Tristan's loyal gilded, peeling arches, and vestiges of an old stucco sky-and-clouds henchman, Jonathan Summers cyclorama. We wonder idly how the tall, hairy and be-kilted ~ promises chorus of sailors will get a look-in; far more than he is ever allowed to in fact a slah of the wall gets raised explore here. Gwynne Howell's from time to time to disclose them King Marke, at least, escapes like cuckoos in a clock, silhouetted against a void with pieces of what unscathed: his solo turns are isolated from the action, but he delivmight be obsolete farm equipment. ers them with nohle sobriety. In For Act Two we have the same smaller roles John Hudson and wall, hut parts of it keep drifting Christopher Booth-Jones make vivid impressions as the Young Sailor and Melot. And Elder's vital way with the score - urgent with-out forcing, always attentive to the nous void (in various colours), with the bulky silhouette of the dying Tristan propped precariously upon a small wooden chair. Why a longer span - is exciting to hear, all the way through. One longs to wooden chair, yon ask? Because hear him conduct a production that small wooden chairs are Alden's makes room for drama, and sustrademark: and he has shown great pense, and danger.

one great truth about Los Angeles. Almost every top person he wants to see is out of min The sorry. Mr Andrews, but Mr Spielberg / Miss Madonna / Mr Brando are away right now." When will they be back?" "Let me see, what day are you leaving?" "Friday." "They'll be back on Saturday." You can tell someone's status in Hollywood by whether they have checked into the airport just before you arrive. But what of up and coming film folk? Are they perhaps on the usey to the airport? "Mr. Andrews, the director Ang Lee would very much like to talk to yon abont Sense And Sensibility. But I have to tell you, he's going to the airport this morning.

So if I liked, would I talk to him during the ride? Of course, Where more natural to interview a Taiwanese-New York director who has just directed an eagerly awaited Jane Austen movie in England (opening there on February 23) than in a traffic jam in California. Lee's films, it happens, are obout

he film journalist knows

culture shock. He made The Wedding Banquet, an arthouse smash about a Manhattan gay couple thrown into disarray when one partner's Chinese parents come to visit, and Eat Drink Man Woman, about food and family life in crossgenerational Taiwan. Eat Drink broke international records for a karate-free Oriental film, and soon afterwards Lee received a screen-

play with a famous signature. "Id never read Sense And Sensi-Was in the side at bility," he says, "Bnt I read the script because it was written by Emma Thompson, who's one of the most brilliant actresses today.

"At first it didn't make sense wby they had sent it to me. Then I began



Eat Drink Jane Austen

Nigel Andrews talks to Ang Lee, director of 'Sense and Sensibility' sighs, "that our film comes out at "war games" then being conducted and to make it pure. The way peo- In earlier films Lee also used

one learned certain protocols or disguises. I would hate to see Taiwan taken over as Hong Kong will be. It is terrible for a country to live in a state of confusion over its identity." Individuals likewise. Returning from the political to the particular, could anything be more incongruous than for a man who is part Eastern, part East-coast American to tackle the manners of a hygone,

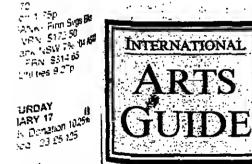
Without those "externals", unforden, grotesque Parsifals at both

thought that Dennis Marks, the ENO's general director, was pushing things when he appeared at the start to thank "The Andience" for presenting the show (via the ENO Trust): they had not been consuited, and by the end some of

ern world in a time of transition. Like Jane Austen, the films are Â, about bow to deal with people while Ord 13 5P Gro Treas 73.96 0 staying true to your emotions." en Class A FRN 1 hard on his career-consistency patter. But perhaps there is a similar-CE CR:4 96 E1973 ity between the social finesse of Regency England and the formal preciosity of Chinese manners n Euro Smail Indai today and through the ages. At the Cre. Mora Db 20196 same time Lee has proved himself a ÷Ξρ Cum End Pri 35 master at irony and intimism -8'00 Soc 644 BB Austen's own strengths ~ in his iovies "I love the combination of satire Sub Bos 201 and family drama, of cynical bumour and a warm romantic touch. People are getting fed up with a certain type of movie today, the hard-edged slam-bang thriller or 10. Bas 10 915 ite in e Tst 1.75 action film. They are looking for Sam From Cap P something with a human dimension "

able Rate Cap 208 They are certainly looking for Jane Austen, to judge by the curtent epidemic. "It's so ironic," he Creck Sank Fr.

A. . . .



IDAY

JARY 10

Cuncee.

) MEETINGS:

Tribune Inv.

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14 2256.25 AMSTERDAM DANCE

Het Muziektheater Tet 31-20-5518117 Cinderella: a choreography by Tederick Ashton to music by Tokofiev, performed by Het ationale Ballet. Soloists include a power Ind. Institut ane Lord and Alexander Gouliaev Stors Pall Mail 34 Teb 15). Caroline Sayo lura and avid Dawson (Feb 16), and Larissa Schning and Wim Broeckx (Feb 17); a & Philip. Strathon ⁸pm; Feb 15, 16, 17 EXHIBITION

Stedefijk Museum Tet 31-20-5732911 Gilbert & George: The Naked Shit Pictures: these symmetrically sinctured pictures are a adicalization of the large works the hists have been making sinca the beginning of the seventies, and in then they portray the condition of 174 meennes sie sie modern man; from Feb 17 to Mar 31

BERLIN CONCEPT Rethaus ^{at} 49-30-203092100/01

heart? Wedding Banquet was about social repression and traditional family structures, facing the modjust before Emma, which is being filmed now. Because Emma [Thompson]'s script had already been four years in the writing when I read it. The same thing happened to me on *The Wedding Banquet*. It took seven years from first draft to Lee has obviously been working film, then all that year there were

gay-related Chinese movies!" But how can any artist guess or outguess a zeitgeist if he is always on the move? Born in Taiwan, Lee emigrated to America at age 24, studying theatre at Illinois University and film at New York University. Then he returned to Taiwan to win first and second prizes in a government-sponsored screenplay coutest. Both scripts were filmed and the second was The Wedding Banquet, which brought him fame hy winning the Berlin Golden Bear.

Berliner Sinfonie-Orchester: with

Dagmar Schellenberger, tenor Peter

conductor Antoni Wit, soprano

Maus and bass Rudolf Mazzola

perform works by Mozart and

Teatro Comunale di Bologna

Anna Bolena: by Donizetti.

13, 15 (6pm), 18 (3.30pm)

CAPE TOWN

City Hall Tel: 27-21-4617084

The Cape Town Symphony

COPENHAGEN

Saul and David: by Nielsen.

Opera. Soloists include Aage

Elming; 8pm; Feb 13, 15

HAMBURG

Tal: 49-40-351721

Hamburgische Staatsoper

Haugland, Kurt Westi and Poul

and lves; 8pm; Feb 15

Det Kongelige Teater

Tel: 45-33 14 10 02

Serra, Jose Broos, Sonia Granassi

Stravinsky; 8pm; Feb 18

BOLOGNA

Tel: 39-51-529999

OPERA

CONCERT

OPERA

OPERA

Though he now lives in America, he still has close feelings for Taiwan and the country's historic problems. 'It was never as free as Hong Kong, where you can say almost anything as a film-maker. Taiwan always had a certain lear of China" - we were talking of the

dauntingly specific British time and society? "The biggest problem I had was with the acting," ha says to my sur-prise, since the cast glitters with Emma Thompson, Alan Rickman, Hugh Grant et al. "Sometimes," he explains, "I could not tell if they were acting from a tradition of 19thcentury real life or 19th-century "I didn't want to make a costume drama that would distance people.

What the English call a teacup drama. So I asked myself, how do you tear down that distance, of the period language and costume. Or do you use it? Because that distance allows you to abstract the emotion

 Hamburgische Staatsoper, with conductor Miguel Gomez Martinez perform Mascagni's Cavalleria Rusticana and Leoncavallo's

Pagliacci. Soloists includa Stsfka Evstatieva and Kristjan Johansson; 7.30pm; Feb 14, 17

CONCERT Gulbenkian Tel: 351-1-7935131 Conducted by Evelino Pidò and performed by tha Teatro Comunale di Bologna. Soloists include Luciana The Takacs Quartet: perform 13 and Carlo Colombara; 8.30pm; Feb

Barbican Hall Tal: 44-171-6388891 Orchestra: with conductor Jorga Mester and pianist François Guy Royal Albert Hall perform works by Van Wyk, Bartok Tel: 44-171-5823861 Her Majesty's Royal Marines perform a concert programme of

> 15, 16 Wigmore Hall Tel: 44-171-9352141 András Schiff: the planist performs works by Haydn and Bartók; 7.30pm; Feb 14

Opéra de Lyon Tel: 33-72 00 45 45 Dia Zauberfiöte: bv Mozart. Conducted by Kent Nagano and

performed by the Opéra da Lyon. Soloists Include Christiana Oeiza, Veronica Cangerni, Natalie Dessay and Thomas Mohr; 8pm; Feb 13

DANCE

Nationaltheater

Tel: 49-89-21851920

Bayerisches Staatsballett:

Concerto Barocco by Georga

Balanchine to music by J.S. Bach,

Der Fauervogel by Angelin Preljoca to music by Stravinsky, and Fearful

music by Adams: 7.30pm; Feb 13

Brandenburg Ensemble: led by

Jean-Pierre Rampal and violinist

Jennifer Koh perform Mozart's

Serenade in D (Serenata notturna).

Flute, Violin and Strings, Stamitz'e

Brandenburg Concerto No.3 in G;

New York Philharmonic: with

Sarah Bullen perform works by

Albéniz, Rodrigo, De Falla and

Metropolitan Opera House

Cosl fan tutie: by Mozart.

Conducted by James Levine and performed by the Metropolitan

Turina; 7.30pm; Feb 13

Tel: 1-212-362-6000

Flute Concerto In G, and J.S. Bach's

conductor Charles Dutoit and harpist

Vivaldi's Concerto in C minor for

Violin Concerto No.2 in E and

Todd Phillips and with flutIst

Symmetries by Peter Martins to

■ NEW YORK

CONCERT

8pm; Feb 14

OPERA

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Avery Fisher Hall

Tel: 1-212-875-5030

perform the choreographies

(7.30pm), 14, 15, 17 MUNICH

LISBON

Grande Auditório da Fundação Schubert string quartets Nos. 1, 9 and 13 (Rosamunde); 8.30pm; Feb

LONDON CONCERT

London Symphony Orchestra: with conductor Myung-Whun Chung perform Shostakovich's Symphony Nn.6 and Mussorgsky's Pictures at an Exhibition; 7.30pm; Feb 15 Mountbatten Festival of Music: presented by Sussanah Simons and Desmond Carrington. The bands of

light popular music; 7.30pm; Feb 14, Conducted by Poul Joergensen and performed by the Royal Danish

> LYON OPERA

_ · .-

tumes means something. It's all part of their behaviour and attitudes, and their thinking aboot relationships. The actors all had dance lessons and I'd participate with them. Because it was an important social event: bow yon make eye contact again and again with someone, how you carry yourself."

ccording to Emma Thompson's published diary on the film's making. Lee was obsessed too with the contours and possible significances of people's facas: including the space between an actor's lower lip and chin and again between the bridge of his nose and his forehead. Since Lee also made his cast do meditations, toi chi exercises and "homework" on their roles - submitting past histories of their characters' lives and accounts of their feelings - it sounds as if the world of the filmed classic was being invaded by every dangerous science from Zen to Stanislavsky.

emotions. Surely be could not do that with something as precise and fastidious as a Jane Austen script? "On Wedding Banquet and Eat Drink improvisation helped a lot, though I used it less here. It can loosen up an actor. But you have to do it carefully. It's a tool, not an end in itself or a kind of psychotherapy. Sometimes you must pull the actor back to where be started."

l venture a delicate question about his own preparations for the film. Had he read the novel? "I hadn't read it when I received

the script. But then I did and I felt this call of destiny. It's the kind of story fve been aiming at all these off, sideways or upwards, until by years. I felt it was made for me. I'm totally grateful for the opportunity. Act Three there is only the lumi-Coming out of the hlue, it's one of the best things that's happened to me in my life."

Soon after Lee told me this, Sense And Sensibility won the 1996 Golden Globe award for Best Film from the Los Angeles critics. This probably ensures that his career is now, like him at the close of our interview, ready for international take-off

Opera. Soloists includa Carol

NICE

OPERA

Vaness, Cecilia Bartoli and Jerry

Hadley: 7.30pm; Feb 13, 17 (8pm)

Opéra de Nice Tel: 33-93 85 67 31

Rimsky-Korsakov, Conducted by Un

Segal and performed by the Opera

Philharmonique da Nice. Soloists

include Sumi Jo, Valérie Gonzalez, Alexander Anisimov and Donald

Salle Gaveau Tel: 33-1 49 53 05 07

Mozart and Beethoven; 8.30pm; Feb

Paul Badura-Skoda: the pianist

performs works by J.S. Bach,

Tha Golden Cockerel: by

da Nice and the Orchestre

Kaasch; 8pm; Feb 13, 15

PARIS

Théâtre de la Ville

14, 15, 18, 17

OPERA

THEATRE

Tel: 33-1 42 74 22 77

La Tristeza complice: a

L'Opéra de Paris Rastilla

Tel: 33-1 44 73 13 99

:7.30om: Feb 14, 17

Tel: 33-1 47 27 81 15

choreography by Alain Platel to

music by Purcell, performed by Les

ballets C. de la B.; 8.30pm; Feb 13,

Idomeneo: by Mozart, Conducted

by Marc Minkowski and performed

by the Opera National da Paris.

Théâtre National da Chaillot

Fantasio: by Alfred de Musset.

Includes Madeleine Assas, Plerre

Byland, Jane Friedrich, Boubacar

Directed by Claude Stratz. The cast

CONCERT

DANCE

Samh, Raoul Tauscher and Claude Vuillemin; Tue - Sat 8.30pm, Sun 4pm; to Mar 2 (not Mon)

STOCKHOLM CONCERT

Konserthuset Tel: 46-8-7860200 Filharmonikema: with conductor Andrew Davis and pianist Howard Shelley perform Mozart's Piano Concerto No.17 and Elgar's Symphony No.1; 7.30pm; Feb 14, 15

WASHINGTON

CONCERT Concert Hall Tel: 1-202-467 4600 National Symphony Orchestra: with conductor James DePreist and violinist Nadja Salemo-Sonnenberg perform works by Epstein, Börtz, Schubert, Barber and Hindemith; 8.30pm; Feb 13 **EXHIBITION** Corcoran Gallery of Art Tel: 1-202-638-3211 Painting Outside Painting; 44th **Biennial Exhibition of Contemporary** American Painting: tha 88th year of the longest-running blennial exhibition in the US and the only one to focus exclusively on current directions in American painting; to Feb 19

ZURICH

CONCERT Tonhalle Tel: 41-1-2063434 Tonhalle-Orchester: with conductor Herbert Biomstedt perform Berwald's Symphony in E-flat major and Bruckner's Symphony Nn.9; 7.30pm; Feb 13, 14, 15 (8pm)

restraint in having only one of Eight more performances at the Col-iseum, to 16 March. them here. Indeed, he shows physical restraint in not visiting

> received in western Europe on Medium Wava 648 kHZ (463m)EUROPEAN CABLE AND SATELLITE BUSINESS TV

WORLD SERVICE

BBC for Europe can be

(Central European Tima) MONDAY TO FRIDAY

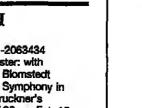
NBC/Super Channel:

07.00 FT Business Morning

10.00 Europeen Money Wheel Nanstop live coverage until 14.00 of European business and the financial markets

17.30 Financial Times Business Toniaht

Midnight Financial Times Business Toniaht



COMMENT & ANALYSIS

members and the power to

dictate chunks of Republican

Prof Green is not alone in

arguing that 'religion was

more important than econom-

ics" in determining the out

come of the 1994 elections. As

the table shows, all three of

the main religious groups

voted disproportionately Republican, with bigger mar-

gins among regular church-

goers. White avangelicals

third of the total Republican

vote. The Democratic rout

would have been more severe

but for the support of key

minorities, such as blacks

could prove a miscalculation. Evangelicals may not care

that Mr Clinton blocked moch

of the "Contract with Amer-

Ica"; they are not going to

ahandon the Republican party

because the budget is still

unbalanced. What really exer-

cises them is the nation's

alleged "moral decline" as

reflected in the rise in out-of-

wedlock births, violent crime

and other social pathologies.

Mr Clinton, a Southern Bap

tist, knows how to court reli-

gious voters. In pledging a "new covenant" with the

American people in his 1992 campaign he made deliberate

and overt use of religious

imagery. But his success this

November cannot be taken for

granted unless he can find a

way of winning back at least a

portion of the evangelical and

Catholic voters who have des-

erted the Democratic Party

and who question his leader-ship oo "cbaracter" grounds.

That will require convincing

talk on moral as well as pock

etbook issues.

lone accounted for nearly a

social policy.

LETTERS TO THE EDITOR. Number One Southwark Bridge, London SEL 9HL:

We are keen to encourage letters from readers around the world. Letters may be fand to +44 171 873 5938 (please set far to 'fine'). e.mail: letters editor eft.com Translation may be available for letters written in the main international languages, i

Nothing learned about technical analysis

From Mr Terry W. Young. Sir, Mr John Train's column "Don't waste time on charts" (February 3/4) is almost verbatim from his writings in 1980 (chapters 10 & 11 in The Money Masters) wherein he alleges that technical analysis does not, will not and has never worked for any considerable period. I am dismayed that Mr Train has learned nothing about the uses of technical analysis in the 15 years since he published The Money Masters. Today'e masters of trading frequently rely upon computerised analyses of chart patterns to generate

Long-term

mathematical trading algorithms. Chart patterns and algorithms enable disciplined traders to make money by analysing, defining and controlling market risk. Money is made in the markets, both long term and short term, by controlling risk. **Risk management** techniques are the most important, universal skill of consistently profitable money managers, be they stock or futures investors. Mr Train has conveniently forgotten the long-term success of many professional chartists - some of whom have been featured in the two volumes of Market

Wizards by Mr Schwager published in this decade. Because investors elect to control risk in a different style than those that Mr Train idolises does not mean that they are wrong or unsuccessful. Mr Train'a flamboyant bet that no one can take the left .

side of a chart and predict the

self-servingly totally ignores

absolute predictive power of a

chart is not what is important.

A chart is important for what

right side is childish and

the role charts play with

today's sophisticated and

successful investors. The

it implies of market

psychology and as a hint of future possible courses of action based upon historical combine a fundamental appraisal of future expectations (which Mr Train recommends) with a sense of timing and risk control (which Mr Train largely ignores). Charts provide that extra edge

Terry W. Young, 236 White Oak, US

precedence. The most successful traders

of discipline for many.

president, TYC Inc, Santa Ynez, CA 93460,

When US chauvinism is inappropriate

The issue of accounting for

Sir, Arthur Levitt, the chairman of the Securities and Exchange Commission in the US, complains that European companies are chauvinistic in refusing to budge from their domestic accounting regimes At the same time, he asserts that US accounting standards are the best and, by inference, should be adopted worldwide (Survey of accessing the US capital markets: "The world according to US GAAP", February 1). This sort of American chauvinism is fine when American standards are the best, but not when they lead to inappropriate and unsound international accounting standards.

deferred taxes is a prime example of where pressure to result of this pressure, the International Accounting Standards Committee has tax-free income and expenditure which is not tax-deductible.

adopt an American standard is leading to a bad international accounting standard. As a recently proposed that companies should gross up Under this proposal accounts will show fictional amounts of income, expenditure and tax expense and tax liabilities. Furthermore, some assets will be recorded on the balance sheet at cost plus the amount

will not get on that asset. This proposal is quite absurd and is not even good, let alone the best, accounting. Mr Levitt should distinguish between those American standards which are good and those which are bad. He should recognise that European companies have shown considerable flexibility in adopting good international standards. They are right not to budge when those statesrds are flawed or fail to deal appropriately with European circumstances.

David Cairns, Bramblewood, Turville Heath, Henley-on-Thames Oxfordshire RG9 6JY. UK

view behind From Mr David Cairns. latest step From Mr Mourice Benisty. Sir, Your comment on the Groupe Videotron's disposal of its 56 per cent shareholding in Videotron Holdings ("New blow for cable TV as Videotron onts to sell", February 8) was evidence of the increasingly frequent "cable bashing" enjoyed by both investors and the financial press. It is precisely because the short-term performance of the

industry has been below forecasts that the cable operators are now looking at consolidation to facilitate cost savings and increased

purchasing power. In Videotron's case the move is far from "a fresh blow to the industry" but a balanced response to market trends and the need to concentrate capital on the fast changing North American markets.

The cable industry clearly has some way to go in terms of its ability to provide a sensible return to shareholders and in the meantime the number of players in the market is likely to fall. This should be viewed as positive and as a means to provide a much needed boost to subscriber numbers and overall industry performance.

Maurice Benisty, media and telecommunications finance Banone Paribas. 33 Wigmore Street London W1H 0BN, UK

From Mr Roger A. Wright.

reluctance of the RSA Inquiry "Tomorrow's Company" to use the "s" word, But he misses the point when he characterises our inquiry as an ettempt to "broaden the duties of directors". And he wastes fire-power bombarding positions no one is interested in defending. Pitting shareholders against each other is yesterday's argument.

From Mr Mark Goyder.

Sir, Samuel Brittan

February 1) is right to point

out the distinction between a

"stakeholder" economy and a

(Economic Viewpoint,

he is right to note the

The Tomorrow's Company position is as follows: 1) To win - and so create lasting shareholder value - in a giddy global economy, the company must be fast on its feet and all its people need to "stakeholder" enterorise. And be dedicated and creative. • 2) Money alone will not buy that: to achieve exceptional performance from employees and suppliers, and a stronger "licence to operate" companies need a purpose that inspires their own people and values that win public confidence. • 3) Each company has to find its own route to success, but those which define - and . measure - success in a way

of tax relief that the company

Argument addresses wrong positions

suppliers, employees, or community expose shareholders to risk and deprive them of future value. 4) Tomorrow'a world class company has to inspire loyalty, trust, and creativity in all its relationships. Tomorrow's boards have to find ways of ensuring this is being done well. That's the inclusive approach to success, and the inquiry pointed out that boards who ignore it risk failing in their fiduclary duty.

Mark Goyder, director, Tomorrow's Company, 8 John Adam Street, London WC2N 6BZ, UK

use rubber cords which are

German central bank recognise that a judgment will be

required on whether an appar-

ently excess deficit might be justified by exceptional eco-

nomic circumstances or by

remedial measures that have

been put in train. The suprana-

tional elements will come in

through majority voting in the

European Council and through

the automatic application of

penalties once a decision is

made. Many economista, most recently Prof Willem Buiter of Cambridga University, have argued that the deficit and public debt ratios in the Mars-tricht annexe "make ho sens" But even if Buiter is right, as he may well be, there will be no Emu unless would be mem-bers bay some respect to the

bers pay some respect to the

stated conditions. The real jus-

tification for the fiscal criteria

may be, as Buiter suggests, not monetary but to make it less

likely that "a debt default con-

tingency would ever arise or

that any country could ever blackmail the rest of the EU into servicing part of its debt"

longer than the drop.

London SW7 2SP, UK

Roger A. Wright, Hawkins Wright,

18 Thurioe Place,

h,

gest aspect of press coverage of Republican campaigning in cent of church-going white evangelicals voted Republican 1960s and 1970s, such as the easier rules on abortion and lowa - at least in the eyes of (blacks form a separate class an outsider - is that it has and voted Democrat hy a simidivorce, the promotion of gay rights and the rise of radical focused as much on somelar margin). The conservative feminism. "Bit by bit evangeli-cals felt antagonised," says thing called the "Christian bias was evident eveo among Right" as on the candidates low-income evangelicals, who Prof Green, and they saw the might be expected to lean Democratic Party as "the engine of this liberalism." toward the Democratic party. The stress on the voting intentions of religious conser In other countries voters The second reason for the vatives follows the surprise with comparably strong religious convictions are often shift in voting patterns is simvictory of Mr Pat Buchanan. the fiery columnist; in last left of centre - and deeply susply upward economic and picious of capitalism and propaocial mobility. Several week's Louisiana party caucuses. Mr Buchanan's emoerty rights. Think, for examtional demand for a Constituple, of the Roman Catholic priests in Latin America who tional amendment banning invented "liberation theology" abortion drowned out the free market message of his main opponeot, Senator Phil and the British church leaders who seize every opportunity to condemn market-orianted The Christian Right - now

evangelical Christians.

At first glance it is puzzling

that these intensely religious

folk are so conservative politi-

cally. In 1994 nearly 80 per

Michael Prowse · America

18

In the middle ages, Christians

joined military crusades to

fight infidels. Now they are

foot-soldiers in US political

campaigns. Indeed the stran-

themselves.

Gramm of Texas.

the single largest faction in

the Republican Party -

showed its political clout in

the 1994 congressional elec-

tions. If evangelical Christians

had oot voted Republican by a

margin of three to one, the Democrats would probably

not have lost their majority in

the House of Representatives

for the first time in 40 years.

The Gingrich "revolution"

might have never occurred

and President Bill Clinton

might by now have enacted

Religion influences politics

because it permeates every-

thing in US life. The point

Europeans should grasp, says

Mr George Weigel, director of

Ethics and Public Policy, a Washington think-tank,

that the US has "falsified the thesis that modernisation

implies secularisation". If any-

thing the US is more religious

than 50 years ago, he claims.

Opinion polls indicate 84 per

cent of voters believe in

heaven against 57 per cent in

Britain and a mere 17 per cent

in Denmark. Half the popula-

tioo claims to read the Bible

at least once a week outside

church and an astonishing

much of his social ageoda.

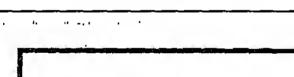
policies. The puzzle is deepened because in the 1930s US evangelicals formed part of Franklio Roosevelt's "New Deal" coalition. Indeed, as recently as the 1950s, evangelicals were solidly Democratic_

According to Professor John Green, a political scientist at the University of Akron in Obio, the shift of evangelicals and (to a lesser degree) Catho-lics from the Democratic to the Republican fold represents "a fundamental re-ordering of political preferences". There are two reasons for the shift, which has belped the Republican Party win five of the past

The religious vote Republican

1994 congressional elections	Voting Republican		ution to enty vote
		Republican	Democrat
White Mormons	78%	496	_ 1.9%.
White evangelicals	75%	29%	11%
White mainline protestants	5696	27%	2496
White Catholics	53%	22%	22%
White seculars	44%	9%	1296
White other raligions	39%	2%	4%
Hispanics	3596	2%	3%
White Jews	25%	196	4%
Blacks	1096	2%	.17%

40 per cent describe them-



decades ago, evangelicals and Catholics tended to be poorer and less well educated than exerted far less influence than liberal "mainline" Protestants (such as Episcopalians and Lutherans) who had been cul-War of Independence. industrial activity to the southern states), they became

Hispanics and Jews, and fless decisively) that of secular votthe population at large. They ers - the 8-14 per cent of the electorate who say they are not religious. Some pundits assume that the Republicans' failure (to

Christian crusade

seven presidential elections.

The first is that evangelicals

and other fundamentalist

groups were alienated by the

changes in social mores and

nolicy that occurred in the

Religion could play as important a role in this year's presidential race as pocketbook issues such as taxes

> But as members of evangeliated with the shift in

churches have seen falling rolls. The rising influence of evangelicals is mirrored in the

turally dominant since the date) to get much of their economic agenda enacted could fatally undermine their eleccal groups climbed the ecotoral appeal this year. Hownomic ladder (a rise associever, given the importance of religion in US politics this

politically more active, as well as ideologically more conservative. They also became more numerous relative to mainline Protestants whose startling growth of Mr Ralph Reed's Christian Coalition, an advocacy group with 1.7m

pressional elections	Voting Republican	Contribution to overall party vote
		Republican Democrat
ormans	78%	496 1.96
angelicals	75%	29% 11%
inine protestants	5696	27%
tholics	53%	22% 22%
cuters	44%	9% 12%
ner religions	39%	2% 4%
\$*•••••	3596	2% 3%
ws	25%	1% 4%
	10%	2% 17%

selves as "born again" or

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Sir, I was flattered to be quoted in your article headlined "Pressing down the pulp matter" (February 8). However, I would respectfully ask that you clarify a most

important point. Although I do believe, as is stated in the article, that prices may be heading back to \$400 a tonne" this refers to mixed tropical hardwood pulps sold in peripheral markets.

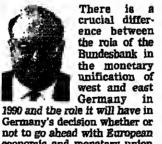
The costs of producing and delivering northern grades of market pulp which account for almost 80 per cent of world supplies are more than \$600 tonne. Even bungee jumpers don't

that excludes customers,

Samuel Brittan

How Bundesbank sees Emu

Prices moving up refer to pulps sold to peripheral markets



economic and monatary union in 1999. in the case of the all-German monetary unification, the decision was entirely one for the government. Although the Bundeshank was obviously unhappy about it, it had no formal role in the process. In the case of Emu, tha Bundes-bank does have a role, albeit an advisory one, the nature of which is not widely recog-

nised There are two international institutions which have to give a professional view in the winter of 1997-98 on which countries are ready for monetary union in 1999. One is the European Commission, which is not supposed to take instructions from national authorities. The other is the European Monetary Institute, which is meant to be the precursor of the proposed European central bank. The policy of the EMI is ultimately decided hy its council, which consists of the gover-nors of the existing European Union central banks. Moreover, council members can vote and do not have to be unanimous. Any central bank governor can issue, or participate in, a minority report, as the Bundesbank president, Dr

Hans Tletmeyer, recently should it come out reminded us in a public speech. in support

Thus the Bundesbank will be perfectly free, indeed duty bound, to state which (if any) countries in its opinion satisfy

is the one that matters - meet the criteria, then that will be the end of the affair. If, how-ever, the Bundesbank gives a favourable opinion its voice will have only the force of per-

suasion. The battle will then be on to convince Garman pub-lic and political opinion that the euro, the proposed new currency, will be an adequata substitute for the D-Mark - or will at least not be so inferior as to undermine the political arguments in Germany for a more integrated European

core. The Bundesbank president has little need to fear that a negative recommendation of his will be over-ridden by the chancellor. His real fear is the opposite: that a positive recomndation may not be sufficient to turn round political opinion. For there is no way in which Emu could happen in

The Bundesbank will, in practice, be able to block economic and monetary union, but will need all its persuasive powers

the Maastricht criteria. It is the face of a hostile vote in the the report signed by the Bund-esbank which will, of course. It is quite likely that the Bundestag. It is quite likely that the matter for German public opinspectre of other currencies depreciating against the

D-Mark in a competitive free-for-all will turn public This will give the German central bank a pivotal position. If it is satisfied that not opinion back towards Emu. But the Bundesbank is relucenough countries - and France tant to use such arguments and believes it will have most influence if it acts as the dragon guarding the Maas-

tricht conditions. Strictness does not mean insensitivity to the business cycla. Just like tha Commission and the EMI staff, the Bundesbank does not want to base an Emu decision on the vagaries of business conditions in any one year. It is interested in the sustainability of the budgetary position of candi-dates for Emu.

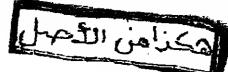
But the German central bank elieves the bulk of European unemploymant is structural and not to be attributed to stupid fiscal or monetary policies. It has, moreover, a robust sceptlcism about the cyclical adjustments which economists make to reduce budgetary deficits. Hence, its unwillingness to support talk of flexible interpretation.

In practice, it is most inter-ested in the stability pact pro-posed by the finance minister, Mr Theo Waigel, to operate once Emu has come into force. This is regarded as more important even than Maastricht, its main insistence is that there should be automatic sanctions on countries which have excess deficits. The proposed fines may not be the last word and the budgetary tar. gets are subject to discussion. But the Bundesbank's belief in a supre-national element in fig. a supra-national element in fiscal as well as monetary decisions will not he music to Brit-ish ears.

(Centre for Economic Policy Research discussion paper 1222, August 1995). In any case, the Bundesbank will not let go of tha criteria. Meanwhile, there is nothing more foolish than the attempt by some British ministers to inainvate that Emu will be postponed. This is so obviously a self-serving device to paper over Conservative divisions and to say nothing about what will happen in the next British parliament. A postponement into the latter part of 1999 or. 2000 would count as a technical adjustment. But anything lon-

Of course, the leaders of the

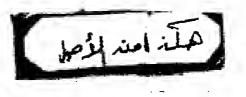
ger would be more serious; and if the British government were seen to have a role in the delay, its influences in subse-quent decisions would aink, even lower than it is to-



YEARS

FATTAS AFC DAYLA

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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday February 12 1996

After the ceasefire

indicit with a sense ad risk control (the largely ignored rovide that enaged line for many. Tragically, the IRA ceasefire is over. The search for a political setline for many. tlement in Northern Ireland which accommodates tha competing aspi-Young, ations of unionists and nationalicts should continue.

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35° and as a bint of ssible courses of Sed upon historic

St Successful Date

ions (which Mr The

a fundamental of future

STOPFIAL one act of tentorian ust which 17 broken the fragile trust which 17

months of peace had begun to build among the divided commu-nities of Northern Ireland. The Bet on that asset a nities of Northern fretand. In it is quite about at anger now is of an escalation of good let alment violence, with bombing on the rounting with bombing over into n those America a resumption of sectarian killing rds which are good a thich are bad these in the province. The bombing casts serious ise that European doubt on the motives and the influence of Sinn Féin, the IRA's nies have shown arable flexibility p

political wing. Mr Gerry Adams and Mr Martin McGuinness have stated they had no advance know-ledge, but both have refused to ng good mternating rds. They are right ge when those ana configure the murder and maiming of inflocent by standers. The obviwed or fail to deal priately with Europe ous conclusion is that either the istances. Sinn Fein leadership has been marginalised or, more likely, that

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tions

no place at the negotiating table witbout another, permanent, iers, employea.g ceasefire or unless and until it entirely disassociates itself from HILLY STORE holders to risk an the IRA campaign. If the IRA ve them of fumere assumed that it could win conces-TOTONTOR'S WORKS sions by bombing London, the calan: liss to manage culation must be shown to have . and creating adbeen utterly wrong. aciships Tomma is nave to find use. ring this is been in

Political risks That's the aduat In this the London and Dublin. cach to successari governments deserve, and should ity pointed on instants expect, the strongest support from ignore :: rist tags the US administration. Mr Bill Clinton has taken political risks in lending credibility to Mr Adams fiduetary dug

D

and Sinn Fein. He should not be k Goyder. ctor. INTOW'S COMPER-

criticised for that. But now the president must

What is wrong with UK cable? For

more than a decade, cable compa-

wired cities. Yet, many cable

shares have underperformed the

it has acquiesced in a resumption

of violence. Either way the IRA's

military commanders have reas-

So Mr John Major and Mr John Bruton, the UK and Irish prime

ministers, are entirely right to

conclude that Sinn Féin can have

serted their primacy.

steps would be to revoke the visa which has allowed Mr Adams to travel freely in the US and to reimpose a ban on Sinn Féin fundraising.

The priority for Mr Major and Mr Bruton meanwhile is to recs The resumption of the IRA's murderous bombing campaign has tablish a joint approach to a politi all but shattered bopes of a perma-cent break in the cycle of violence cal settlement. This will require imagination and flexibility on which claimed more than 3,000 lives during 25 miserable years. In one act of terrorism the IRA has both sides.

Future status

A starting point is to reaffirm the principle of consent at the heart of the Downing Street Decla ration - the future status of Northern Ireland can be decided only by the wishes of a majority. It is more important than ever to demonstrate once again to the IRA that unionists can never be

coerced into a united Ireland. Mr Major, however, must resis the calls from those who want the government to respond to the resumption of the IRA campaign by seeking an internal political settlement in Northern Ireland. instead he should stick firmly to the three-stranded approach set out in the Downing Street Declara tion, under which an eventual accord would include also a North/South and an Anglo-Irish dimension. Mr David Trimble, the official unionist leader, should

also stress that the principle of consent is buttressed by respect for the traditions of the nationalist community. For their part, Mr Bruton and Mr John Hume, the leader of the mainly-Catholic SDLP, should show more willingness than hitherto to explore the possibility of elections to a new constitutional convention in Northern Ireland. Mr Bruton yesterday appeared to slam the door on the idea. But, while there may be alternative ways to bring the constitutional parties to the negotiating table, a properly-designed convention

could yet offer a way forward. As Mr Major commented at the weekend, the hombing last Friday evening has cast a dark shadow of doubt over the prospects for peace. But such callous acts will never secure victory for the IRA. Nor must they be allowed to halt efforts to rebuild mutual respect among unionists and nationalists the political muscle of America's as the basis for political stability lrish lobby. Two important first in Northern Ireland.

COMMENT & ANALYSIS riday night's bomb in

east London bas again reminded the world of the capacity of a deter-mined cell of terrorists to destroy years of painstaking politi-cal effort in a momentary act of violence.

The only beneficiaries of the outrage are those who for decades have based their political credibility on sectarian strife.

As he prepares his statement for the Commons today, Mr John Major, the British prime minister, might be forgiven for wondering whether the choice he faces is between maintaining the peace process or continuing his government. With a majority of only four, he cannot afford to lose the support of pro-unionist Tory backbenchers and may soon depend on the Ulster Unionists. They will not allow him to hint at concessions to woo Mr Gerry Adams and others in the Sinn Fein leadership in the hope that they can still bring the Irish Repub-lican Army with them.

"That would be a disaster for the prime minister," says a senior Con-servative. "We would not be able to guarantee full backbench support for him."

Yet if Britisb ministers cannot talk to Sinn Fein, it will close the only channel of communication that exists with the IRA. The resumption of the "long war", as republicans dub the armed struggle will begin - with the targets ini-tially on the British mainland.

Even several staunchly pro Unionist Tories, with the benefit of hindsight, point to mistakes by the government over the past 17 months. "We should not have made prior decommissioning of weapons such a bald precondition," says one. "We're not talking about appease-ment, but we gained little by boxing Adams so firmly into a corner. Mr Bruton, the Irish prime minis-

ter also faces a difficult dilemma. The Dublin government has pres-ented itself as a conduit for Sinn Fein progressive entry into talks. This was predicated on an implicit commitment to exclusively non-violent means which was swept away by Friday's explosion.

From late last year, UR intelligence reports highlighted growing pressure in the republican movement to abandon the ceasefire. Restlessness has mounted at the IRA grassroots over the slow progress in the peace process. There was dissatisfaction with Mr Adams over his willingness to talk to the British despite tortuously slow progress towards the full-scale negotiations that were seen as the goal. In recent weeks, local politicians in the north and south of Ireland say a number of IRA members in

Monaghan, one of the border counties, defected to the hardline group, Republican Sinn Fein. And loyalist sources claim the IRA was behind the murder last month of Mr Gino Gallagher, leader of the Irish National Liberation Army, another splinter group. The INLA had never signed up to the ceasefire and is said to have been winning over disgruntled IRA volunteers in hardline areas of west Belfast. The crunch appears to have come with the British government's response to the report of the international commission on arms chaired by Mr George Mitchell, the former US senator and aide to President Bill Clinton. Mr Major endorsed the thrust of the report, that set out the means by which decommissioning could be achieved. in parallel with talks. But he chose to focus on the difficulties Unionist politicians would face in joining talks before decommissioning began. He took up the proposal for elections to a constitutional convention put forward by Mr David Trimble, leader of the Ulster Unionist party. This was interpreted by republicans as a delaying tactic - one rebuff too far. The Irish government was furious. Mr Dick Spring, the deputy prime minister, accused the British of pursuing a "divide and conquer" strategy.

John Kampfner and John Murray Brown consider the difficult

dilemma now facing the British and Irish governments

Time to take stock

But Mr Bruton's sense of betrayal by Sinn Féin is palpable. Only last Tuesday he and his coalition partners met a Sinn Féin delegation in Dublin's government buildings.

Equally let down by the decision of the IRA army council to return to violence are the moderate nationalists of Northern Ireland's Social Democratic and Labour Party. Their leader, Mr John Hume, believed that, somehow, they could forge a new political consensus through

weaning them away from said. "But we can't do it on our entrenched positions appears more own, any more than we could remote than ever.

Mr Bruton will pursue his call for conference on the model of the Dayton accord for Bosnia involving all the parties in the same building, but not necessarily the same room. Neither government's proposal now appears to have enough in it to bring together both nationalists and unionists.

r Bruton made

deliver IRA weapons. We didn't control them, we didn't have that power and people are fundamentally mistaken in assuming that we could.

But the resumption of violence has raised questions about the authority of the Sinn Fein leaders in any future talks. As an Irisb member of parliament put it: "Is Adams the monkey or is he the

Mr Adams would lose all credibil-

lty within repoblican ranks if he condemned the bombing. If he knew

ical party.

In Northern Ireland not all hope has been lost. The belief is still prevalent that public opinion, pressure on tha streets, count for something. "They [the IRA] don't just need activists to fight a war. They need the support of the community," says Mr Alex Atwood, an influential SDLP councillor in Belfast.

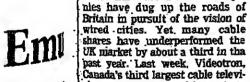
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But others suggest it may be too late, According to Dermot Abearn, Fianna Fail MP for the traditionally

HOD WC2N 6BZ D of violence takes precedence over

markets rupper cords this: ter und i the drop er A. Wright Skins Wright

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the Sundersbank and the Criteria Meanwhile, there is note foolish funder by some British instruite that but a self-service beit with the latter for the Construction of the Sunder the best with the latter for the Latter for the Latter for the Reliable Some of the Fritish Some of seen to have a with seen to

sion group, announced it wants to rmail central has et sell its majority stake in the UK's at a judgment a seventh largest cable company. The most disappointing statistic for the industry is that cable teleti excess della a stilled by except ision penetration has stalled at treumstan usilai masue s 21 per cent, scarcely rising for nettai intran losi en put in tran losi inal: elements al si rolgh majorn major three years. That compares with the 4045 per cent forecast during the investment wave of 1989-1990. In part, investors overestimated Jrepeus Comel the public's willingness to pay for television through misgaided comie lutomatic apple malizes once a tra parisons with the US. UK broadcast television did not share three Many Prof Mile B weaknesses of its US counterpart: requent advertisements interruptaubridge Corest gued that the ing films; poor reception; and poor totted that the part white debt rather part with even if Runn and a may well be before a may

ungrandining outside big cities. UK cable television has also done itself few favours. Its four-to-door sales policy is well suited to the US but unfamiliar in the UK. It overpriced itself; cable is otten more expensive than BSRyB satellite television, by £2-£3 per month for the basic package of channels. Unsurprisingly, BSkyB is ahead, with an estimated 3.5m buseholds in October compared With cable's 1.3m.

Real competition

Cable companies may have a estimate case that the terms on which BSkyB sells them programming are unfair, the Office of Fair Trading is currently considering the complaint. But that simply mphasises cable's failure to evelop its own programmes, pace Minor Group's Live TV and its

Appless darts players. What about the cable compatelephony? Cable is providing Wonger competition for UK resitial customers. Telephone pentration is now 26 per cent (1.23m), aving outstripped television subtable has generally undercut mitish Telecom, and the advent of as ability to keep the same tele bloge number when changing should not try to pick winners.

The problem with cable

operator - will help.

However, the weakness of some cable companies' position is revealed in their recent plea that the regulator, Oftel, should not tighten the cap on BT's prices because this would undermine their margins and threaten competition. This wrongly equates the mere existence of rivals with true competition which would put pressure on BT to cut costs and prices

Too expensive

and to improve service.

The essential problem with cable is that it is too expensive, largely because in the UK cables must ba buried underground. Cable television currently costs £1,500 per home connected; even if penetration were 100 per cent, the cost would still be about £300, more than a receiver for satellite or for the forthcoming digital tele-vision services. In telephony, BT's costs are dropping fast. Moreover wireless telephony, using radio signals to link with mobile phones or fixed aerials, is emerging as a cheap way to connect homes.

The best argument for cable is that it alone offers interactive capability such as video-on-demand or faster Internet connections. However, digital television may soon offer an avalanche of new channels, approximating to video-on-demand. Meanwhile, the number of Internet users is small, and the group dissatisfied with present services even smaller.

Although cable should be able to recomp some costs, the long-term prospect is that rivals, old and new, will constrain its growth. For years the government bas pinned bopes for greater competition in both television and telephony on cable. In the 1991 Duopoly Review it barred BT from entering the broadcast entertain-

cable's chances.

ment market in order to improve There are good reasons for tilt ing the market towards new expected to do. entrants, given the dominance of

BT's position. But cable's disappointing record offers investors and ministers warnings that should be familiar. For investors, are probing his role in the the message is not to draw false parallels with the US. For ministers, once again, it is that they in the early 90s. Tons of toxic

Mr Hume believed the key to a solution was not the isolation of the extremes, but bringing them into the political mainstream. It was for that reason be sometimes gave the impression of bending over backwards to placate the interests of republicans. His work appears to have been blown spart.

The immediate plan, according to ministers, will be to take stock. Mr Major's first priority will be to sbore up security at high-profile buildings on the British mainland as well as around politicians and officials responsible for Northern Ireland.

In public he will continue his pursuit of elections for a constitutional convention, despite the opposition of nationalists and the Dublin government. That plan, while meeting Unionist demands, appears ever less likely to achieve its goal of getting all the main political parties to negotiations.

The best Mr Major is likely to achieve is a concerted round of talks between the constitutional parties. But the chances now of

clear yesterday tbat the door remained open to Sinn Fein. He said demands for Sinn Féin leaders to condemn the bomb would be counterproductive as they would be seen as yet another burdle.

Sinn Fein-has now been told that if they wish to coovey messages to the Irlsh government, there are means available," he added. "We are not going to give them the sort of political recognition that we would give to parties exclusively using political methods to advance their programme."

For all the secrecy of the inner workings of the IRA, its purported political representatives were still keen over the weekend to present their case. Prominent among them was Mr Mitchel McLaughlin, representative of the more intellectual wing of the party. "We are prepared to play our full

Angelou - President Bill Clinton's

favourite poet. Her album, Miss

Calypso, has just been re-released

complete with a cover picture showing a lot of chest and leg. The

role in conjunction with others to convince those people who have resorted to the armed struggle that there is an effective alternative." be

about it in advance, he would make himself liable to prosecution. In many ways, for both governments it would be preferable if be did know. At least then they could believe that there would be a point in further negotiations. The alternative, of a disciplined hard core of terrorists beyond the reaches of any political process,

would be worse to contemplate. If Mr Adams turns against the military command, British officials believe Mr Adams could risk physical danger from his erstwhile allies. Nevertheless, Mr Seamus Mallon, deputy leader of the SDLP, suggested Mr Adams would have to choose between the two paths, and risk antagonising the most extreme elements: "They have got to make up their minds," be said. "Are thay a semi-detached part of the republican movement which is tied to terrorist violence? Or are they going to move simply and solely into the position of being a democratic polit-

two? He will not even chair the

his supporters at the Fed in an

election year. Robatyn favours

faster economic growth, while

prospects. And with the stock

market trading at its current

Greenspan's tight money policies

hamper Clinton's own re-election

rarefied levels, it is always handy

It is understandable why

Federal Open Markets Committee.

President Clinton would like one of

militant republican border area of Dundalk the failure of Sinn Féin to make political inroads has bolstered the IRA. "Ordinary people who have never espoused violence, are saying 'Can you blame them?'," he says. The 17 months of ceasefire was

perhaps a triumph of hope over reality. The great game was all about all-party negotiations. Even if they had been reached, no-one had a clue about what would happen next. If the aim was to legitimise Northern Ireland as a sovereign part of the UK through the principle of the consent of the majority of the province, then it would run counter to everything the IRA had ever stood for.

Lurking behind all the talks about talks about talks was a logical contradiction that nobody was close to overcoming. Yet throughout the cease-fire, as long as the process kept inching along, it was possible to be optimistic that a solution might be found. The outlook after Friday's bomb is much

#Financial Times

100 years ago.

Greek finances M. Delyanni, the Premier, to-day submitted to the Chamber the Budget for 1896, which places the revenue at 90.804.541 drachmas and the expenditure at 90,222,350 drachmas. About seventy bills dealing chiefly with internal reforms were introduced. One of the measures introduced deals with a proposed increase in the gendarmery, which is to be entrusted exclusively with the maintenance of public order. Referring to the Foreign Debt, M. Delyanni declared that the negotiations for a satisfactory arrangement would shortly be resumed in Paris with the Bondholders' Committee.

50 years ago

Warning on U.S. supplies of lead The Civilian Production Administration has issued a warning to battery manufacturers to conserve lead supplies as far as possible, since it foresees a deficit of 180,000 tons for 1946. Makers of paint. chemicals and tetraethyl lead for petrol will also be asked to conserve supplies. New development work in the United States would ease the tight lead situation, as would the return of workers to the mines and smelters, but the industries' reconversion to peace-time . production is slow. Then there is the price problem:

lucky strike Not even the biggest winner of the UK's national lottery has hit the jackpot quite as spectacularly as Robert Friedland. The ever youthful Friedland was a long-haired hippie in the 60s and a promoter of speculative North

America mining stocks in the 80s. Among his brood was Vancouver-based Diamond Fields Resources which; as its name implies, was hoping to strike a motherlode of genstones, Just 18 months ago, Friedland's 13 per cent stake in DFR was worth little more than C\$10m (US\$7.6m).

Friedland's

DFR hasn't found many diamonds, but it has discovered a sensational nickel deposit at Voisey's Bay, a remote spot in eastern Labrador, Falconbridge, the Canadian metals producer, launched a C\$4bn takeover bid for DFR last Friday which values Friedland's stake at a cool C\$530m. His nest egg could grow still bigger in coming weeks when other suitors join the bidding, as they are

But the news is not all good for Friedland, who holds joint US and Canadian citizenship, lives in Singapore and is constantly on the move, US environmental agencies mismanagement of a small gold. mine in the foothills of the Rockies chemicals sceped into local water supplies. The cleanup bill is expected to reach well over US\$100m. Given Friedland's latest strike, the Americans may be encouraged to try even harder to make him pick up the tab.

Kinkel watch

Life is not easy for poor old Klaus Kinkel. The German foreign minister failed last year to stake out a future for the small liberal Free Democratic party (FDP) and now seems to be loosing his grip on the-conduct of German foreign policy altogether.

Chancellor Helmut Kohl's visit to Russia at the end of this week provides telling evidence. It turns out that the foreign ministry heard about Kohl's visit not from the chancellor's office but - yes, you guessed it - from the Russians. How long Kinkel can go on as foreign minister has been a subject of frequent speculation. However, a growing number of German diplomats are fed up with being Bonn's laughing stock and want a boss who can recover the ministry's former stature.

Retrobution

The US music scene is rife with Retromania - uncovering parts of the past some big names might prefer to forget.

Take literary lioness Maya . . .

Felix the fixer Felix Rohatyn, one of the grand old names of Wall Street investment banking, is being tipped for a job at the US Federal Reserve. A life long supporter of the Democrats, Rohatyn's name often surfaces when there is a big

post to fill However, the odd thing this time round is that Rohatyn is not being mentioned for the top job at the Fed. The assumption is that Alan Greenspan will be reappointed for a third term even though be turns 70 next month. So why would

Rohatyn want to be his number

distinguished author of I know why the Caged Bird Sings, it turns out, was once a night club vamp who fumped on the Caribbean bandwagon set under way by Harry Belafonte's Banana Boat Song in 1957. However, the potential damage to Angelou's image is nothing the sinister Nation of Islam

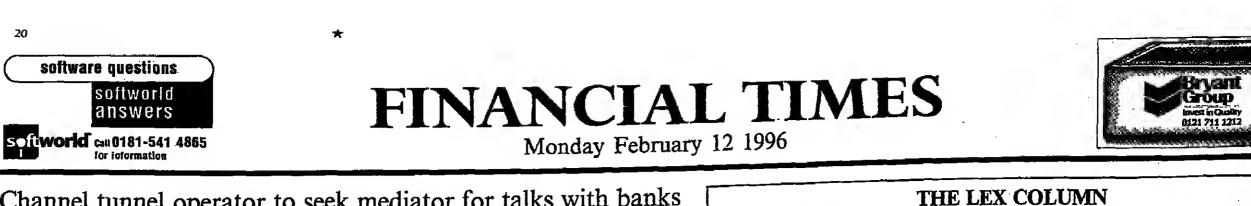
BSERVER

be busy on a search-and-destroy mission. His target: a disc he cut when he was known as plain Calypso Louie. It is called The Charmer

to have Greenspan's Wall Street skills on hand, in case anything compared with the embarrassment unexpected happens in the facing Louis Farrakhan, leader of financial markets. At 67, Rohatyn may just be willing to face a bostile Senate organisation. He is understood to confirmation and put himself forward for one last tour of public

duty. Who knows, he could even step into Greenspan's job after the pext election. lest mate Keith Murray is hanging up his

car keys - after failing his UK driving test for the 35th time. The Scottish publisher has spent close to £5000 on 1.450 lessons over the past decade. Keith has now decided not to fill in a 36th test application. But he insists he is a good driver, blaming his downfall on nerves and bad luck. His first test 10 years ago was a disaster. "It was really awful weather and we ended up following a hearse back to the test centre. I knew that was a bad omen - I just didn't realise things were going to get this bad."



Channel tunnel operator to seek mediator for talks with banks

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Eurotunnel plans £400m upgrade

By Charles Batcheinr. Transport Correspondent

Eurotunnel, the Anglo-French company which operates the Channel tunnel rail link between Britain and France, plans to spend up to £400m (\$616m) over the next four years improving inger facilities, despite its £8hn debt

This week. Eurotunnel is expected to confirm that it will ask a French court to appoint e mediator - a mandataire ad hoc - to help with negotiations with its 225 banks about refinancing. Eurotunnel suspended interest payments on the debt last Septemher. Its banks have been told that

appointment of a mandataire ad hoc would be an informal procedure which did not affect creditors' rights.

hopes to spend up to £400m modernising its terminals and expanding its fleet of shuttle trains to achieve an urgently needed increase in passenger numbers.

It expects to win the approval of its banks for projects intended to "tweak" the system and improve revenues. The sums proposed - between £60m and £100m a year - would come from operat-ing income. But they would require annual approval by the company's instructing banks, the 19 banks with which it maintains regular contact alongside the six-

strong steering group. Main ltems of expenditure would be 16 additional shuttle wagons, expected to be delivered later this year, and two new shuttle trains, to go into service at the end of 1998.

Despite the debt, Eurotunnel order for the two trains within

weeks at a price of about £38m, less than half the price per train it paid for its original fleet ordered on its hehalf by TML, the construction consortium which

built the tunnel. TML had little understanding of rolling stock and little incentive to bargain hard. Eurotunnel sald. The original stock also had to bear development costs. The new order would not be placed with Breda of Italy, which supplied the original trains.

The new rolling stock will be huilt to a simpler design - props to support each wagon when cars and trucks are loaded have been deemed unnecessary - and will be cheaper to maintain. But it will meet the same safety requirements which added to the cost of the original trains.

Other improvements Eurotunnel plans include develop ment of more retail space at its

Folkestone and Calais terminals. Duty-free sales, which include a one-third discount on the prices charged hy Eurotunnel's ferry rivals, are to he expanded.

The company also plans to improve facilities for husiness travellers at its terminals. Business travellers account for about 25 per cent of all journeys. Eurotunnel is considering creating husiness lounges similar to those at airports.

It hopes to make the journey in the shuttles more interesting. possibly by providing video screens or interactive terminals at which travellers could order from the duty-free shops. Introducing trolleys selling refreshments or duty-free items would be difficult, however, hecause of the narrow aisles and fire doors between compartments.

Spanish link proposed, Page 14

The Byzantine manoeuvring over who will dominate German pay-television is reaching fever pitch. Last week saw Mr Leo Kirch, the Bavarian mogul, snap up the lion's share of the TV rights to German football and splash out a reputed DM1hn-plus for the German-language rights to all Columbia Tristar's movies for the next decade. Mr Kirch is also indicating that he may introduce his own technology for pay-TV via satellite, overturning an earlier deal to join a venture led by Bertelsmann and France's Canal Plus. Mr Kirch's rivals have not been idle. Havas, the French media conglomerate, has launched a Fr4hn convertible issue - which would come in handy if Canal Plus and Luxembourg's CLT, in both of which Havas holds stakes, carry out their threats to launch com peting German pay-TV services. One way of stopping that would be for Havas to huy out GBL of Belgium's controlling stake in CLT. Indeed, the Machiavellian interpretation is that GBL is pushing CLT to compete with Canal Plus with precisely that aim in

mind. That may also explain the rumours that CLT is on the point of cutting a deal with BSkyB. Mr Rupert Mur-doch's UK satellite group. While Mr Murdoch certainly wants to muscle in on the German pay-TV market, an alli-ance with CLT is just ona option. Nev-ertheless, if CLT did secure Mr Mur-doch as a partner, it would hecome a more cradible threat to Canal Plue's mind. more credible threat to Canal Plus's venture and so increase the pressure on Havas to pay a handsome premium for GBL's CLT stake.

Why this jockeying for position? Because Germany's embryonic pay-TV market is potentially the largest and most profitable in Europe. So far there is only one pay-TV channel, Premiere, controlled by Bertelsmann/Canal Plus, in which Mr Kirch has a minority stake. But digital satellites capable of beaming dozens of new channels could bring an explosion in demand.

The market is also fairly open. Nobody has yet cornered it, unlike BSkyB in the UK and Canal Plus in France, The most attractive film and sports rights are split hetween Mr Kirch and Bertelsmann. Meanwhile, CLT hopes to build a pay TV business on its RTL subsidiary, Germany's most popular "free-to-air" broadcaster though Bertelsmann, also a hig RTL shareholder, is fighting to wrest away control. As for Mr Murdoch, he brings to the table not only BSkyB's exper-tise in pay-TV but also Vox, a smallish German channel in which Bertels-

Share price relative to the CAC 40 Index. 120 110 -100 Source: FT Edel mann and Canal Plus hold minority atakes. The most logical outcome might seem to be a grand consortium including all parties - Bertelsmann, Canal Plus, CLT, Mr Kirch and Mr Murdoch. A monopoly, after all, would be best for profits. Everybody is aware that it was only after BSB and Sky

stopped their vicious competition for programming rights and merged into BSkyB that the venture became the money-spinner it is today. The snag is that it is hard to persuade five media baronies to work as a single consortium. Not only does each want to be in the driving seat; if the profits have to be split five ways, individual slices would be relatively small. Individual shares could be bigger if one or two groups could be safely left out in the cold. But the risk is that

cnt-throat competition would then develop - though that might not be a had thing for consumers. Russia For the Russian government to announce plans for its first Euro-

90

bonds, months before e presidential election in which the Communist party has a chance of success, took chartzpah. It is not certain the bonds will actually be issued before the election, but Friday's vague annnuncement focused the market's mind. If a pre-election Eurobond issue is feasible, which many think it is, three-year dollar-denominated bonds would proba-bly yield about 10 per cent, a tonch more than Mexico pays. Not surpris-ingly, the yield of 18 per cent on Russia's existing MinFin bonds suddenly looked seriously overdone, given that the only difference between the two is that MinFin honds cannot he redeemed outside Russia. The resulting sharp reduction in three-year Min-

These announcements appear as a matter of record only.

Media machinations

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13:45 Fin yields to 15 per cent reflects an equally sharp increase in the market's halla. faith in Russia's government.

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Of course, buying Eurobonds before the election means taking the risk that interest payments to foreigners may not be a high priority for a Com-munist-led government. This risk is real, but small. A Communist victory is far from a foregone conclusion. Signs of populism from Mr Boris Yelt-sin, much as they may unsettle reform enthusiasts, are no bad thing from this point of view. Nor is it obvious that even a Communist president would default on Eurohond repay. ments - especially since, despite its troubles, Russia has never defaulted on the Eurobonds issued in the Soviet : era. But at their present yields, inves-tors who believe all this would proba-bly still be better off buying MinFinbonds instead.

Allied Domecq

Allied Domecq has become the stock market's latest demerger candidate. market's latest demerger candidate. Following last week's profits warning shareholder patience with the group is wearing thin. Allied's shares have underperformed hy more than 40 per cent over the past four years, while earnings per share will be lower th year than in 1992. Investors are hoping the highly respected Sir Christoph Hogg. who takes over as chairman in April, will shake things up. If it wen not for that prospect, the shares would

be even lower. The case for a demerger is simpl there is no industrial logic in comhin ing an international spirits business with a UK pubs operation. On its own each could attract a hid premium Though relatively weak in whisky an cognac, the spirits division is strong in tequila and sherry; it is also wellen-trenched in Latin America. Guinness, Seagram and Grand Metropolitan would all be able to strengthen then product ranges and make savings by huying Allied and closing down most of its distribution network. Meanwhile. Allied's UK pub estate could be

attractive to a number of brewers. Even if Sir Christopher baulks at a break-up, he could at least sell the retailing division. That would allow the group to repay its £1.6hn debts and invest more in its neglected spirit brands. A smaller, cash-rich Allie might also be an attractive recover stock. Either way, City calculations of a 700p hreak-up value against a cur rent share price of 515p point to considerable hidden value.

New York to end freeze on number of yellow cabs

By Richard Tomkins in New York

New York City has decided to break with one of its oldest traditions by ending a 60-year freeze on the number of yellow taxis allowed to ply the city's streets. For the first time since the number of taxicab licences was capped in 1937, New York's municipal government is to auction 400 new licences. or medallions.

The move is expected to raise a badly needed \$80m for city funds over the next 21/2 years.

At present the only way to acquire a medallion in New York is to huy one from an existing owner. Scarcity has driven up the transfer value of a licence to abont \$220,000, and the trade is served by a thriving network of medallion brokers, financial institutions and lawyers. When first issued, the licences

cost \$10 a year. New York capped the number at 13,595 in 1937

Body parts

Continued from Page 1

raise \$80m for hard-pressed city funds hecause there were too many

Lifting of 1937 regulation expected to

Japan and S Korea in dispute

taxis for too few passengers. Over the next few years the number of taxis dwindled to the present level of 11,787, as many owners went bankrupt amid poor husiness conditions.

Medallions started to gain value after the second world war as the taxicab business became more profitable. Since then, fare increases and rapidly rising passenger numbers have caused medallion prices to soar.

Issuing new licences is a sensitive subject among New York cabhies because it threatens to nndermine the value of their existing medallions.

Owners would almost certainly sue the city if the value of their investment was noticeably impaired. The city has therefore adopted a cautious approach, raising the number of medallions

by only 3.4 per cent and staging the increases over 30 months. It has also countered tha effect of the dilution with last month's decision to lift fares by 20 per cent as part of a plan to raise the

quality of the city's taxi service. New medallions will be sold in three stages: the first 100 by June 30 this year, the second 100 by June 30 next year, and the final 200 hy June 30 1998. Sealed tenders will be invited and the medallions will be sold to the highest hidders.

At the end of the process the number of cabs will have risen to 12,157. That is still small by comparison with London's 18.000 black taxis, but New York's yellow cabs are probably driven harder: a normal driver's shift is 12 hours, and most cabs are "double-shifted" - driven 24 hours a day.

UK to press ahead with poll plans Continued from Page 1

the paramilitaries, said attacks on the Irish Republic were "inevi-table" if the IRA made more strikes in mainland UK.

The Irish Garda police force said yesterday It was "monitor-ing the situation as it develops". Public access to Dublin's ministerial offices has been restricted. The cost of the damage caused

by the bornbing is now put at hetween £75m (\$115.5m) and £150m by the Association of British Insurers. Many husinesses could see their terrorism insurance costs increase by as much as two-thirds following the bomb. Stewart Dalhy in London writes: More IRA violence in mainland Britain or Northern Ireland could severely damage

economists said. Northern Ireland has been enjoying an economic recovery in the 18 months since the IRA ceasefire, with gross domestic product rising more quickly than for the UK as a whole.

the province's recent economic

revival, husiness leaders and

Unemployment, traditionally higher than for the UK generally. is at 1L4 per cent, the lowest Tomiichi Murayawa, then Japasince 1981. Tourism is booming, nese prime minister, that the with arrivals this year expected

BioHybrid, said his group had developed an artificial pancreas that may revolutionise current therapy for diabetes".

BloHybrld takes insulinproducing "islet" cells from pigs and encapsulates them in a half-permeable plastic membrane. This protects the cells from destruction by the human immune system but still allows them to take in nutrients from the bloodstream and give out insulin.

The encapsulated cells would be injected into the patient once or twice a year. "We have successfully used this technology to 'cure' diabetes in rodents and dogs," Dr Lanza said.

sland, under the United Nations treaty for Japan's annexation of convention on the law of the sea. The disputed island is surrounded by rich fishing grounds, which are of growing interest to

Continued from Page 1

Tokyo as Japan's fishery stocks become depleted. The Japanese foreign ministry last week issued a formal protest demanding that South Korea cease plans to construct a wharf

on the island. Tokyo claimed that the islands are "historically and in view of international law, an integral part of Japan. The move is extremely regrettable'

The most recent chill in Japanese-Korean relations hegan with last year's statement by Mr

the Korean peninsula from 1910 to 1945 was technically valid. Mr Kim sunbhed Mr Marayama in response by cancelling a planned summit with him.

Mr Ryutaro Hashimoto, who sncceeded Mr Murayama last month, draws political support from the right wing and war veterans' families and has gained popularity for promoting a diplomatically assertive Japan.

The "Tok-do issue" is also pro-voking nationalistic fervour in Sonth Korea, where anti-Japanese feeling is strong. Mr Kim has gained support across the political spectrum for his strong

to top 1.5m - more cent up on 1994. The Northern Ireland Indus-

trial Development Board said inquiries from potential investors have increased by 64 per cent compared to a year ago.

Mr John Simpson, a leading economic commentator, estimates there could be 20 new foreign investment projects this year, valued at between £500m and \$600m and implying the creation of 5,000 to 6,000 new jobs. One immediate effect of the bomb will be an increase in security costs. The net cost of Northern Ireland to the British taxpayer is £3.5bn a year, of which £800m

stand on the island dispute. goes on security. FT WEATHER GUIDE Ö

Europe today

Low pressure will move slowly from Northern Ireland to the south-east. The UK will have moderate rain followed by wintry showers, but Scotland will have drifting snow on high ground. The coastal areas will have near gale or gale force winds. The Benelux and western France will have windy and wet weather with seasonal temperatures. The rain will spread rapidly eastward turning into sleet and snow over Germany and Denmark. The Alps and the Pyrenees will get a fresh blanket of snow. Rainy conditions are expected over northern Spain, southern Italy and Greece while south-eastern Spain will have sunny periods. Eastern Europe will remain cold while western Russia will have some light

Five-day forecast

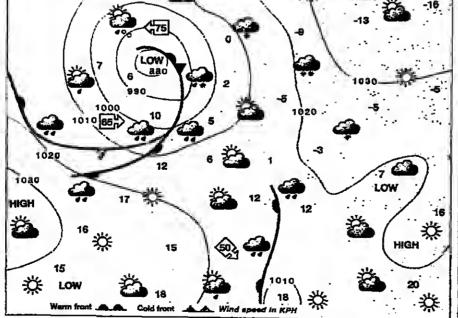
Wet conditions with rain, sleet and snow will gradually move into south-castern Europe. Italy will become especially wet as the week progresses. The UK, the Benetux, Germany and northern France will see wintry showers diminish followed by 2 few cold and calm days with sub-zero temperatures at night. At the end of the week, westerly winds will bring milder air.

TODAY'S TEMPERATURES

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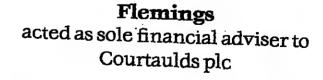


Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meleo Consult of the Netl

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January 1996 COURTAULDS Joint Venture Disposal between of Courtaulds plc Amtico Company Limited and **Hoechst AG** in respect of their **Oriented** Polypropylene through a Film Businesses Management Buy-Out





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